Daily Report

Latin America

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Cuba

Robaina: New Head of Interests Section in U.S. Proposed

PA2109214095 Havana PRENSA LATINA in Spanish 1904 GMT 21 Sep 95

[FBIS Translated Text] Havana, 20 Sep [date as received] (PL) — Cuban Foreign Minister Roberto Robaina confirmed today that First Vice Foreign Minister Fernando Remirez de Estenoz has been appointed the new chief of the Cuban Interests Section in the United States.

However, the Cuban official pointed out that the U.S. Government has yet to approve the appointment.

"If we have not announced it officially, it is because we cannot announce that he is chief of our diplomatic mission in Washington when there are still steps that must be taken with the authorities of that country," he said.

Remirez de Estenoz will replace Alfonso Fraga as representative of the Cuban mission if he is confirmed. The mission functions under the auspices of the Swiss Embassy since there are no full diplomatic relations between the two countries.

The Cuban minister denied that the designation of such a high-ranking official to that post implies any change in Cuban policy toward the United States.

"I would say that it implies a genuine realization that to work we need a level of communication, dialogue, and expanded information, which we believe can be achieved in this manner," Robaina explained.

The United States severed diplomatic relations with Cuba in January 1961, after the triumph of the revolution that toppled Fulgencio Batista's dictatorship.

Both governments agreed in September 1967 [date as received], during the Carter administration, on the need to open Interests Sections in their respective capitals to facilitate more direct channels of communication between the two countries.

The Cuban mission functioned first as part of the Czechoslovak Embassy in Washington, while the U.S. mission in Havana was represented by the Swiss Embassy.

Following changes in Czechoslovakia in 1990, Cuba finally accepted the auspices of the Swiss Embassy.

Robaina Declines Invitation to Emigre Conference

PA2109224995 Havana PRENSA LATINA in Spanish 1828 GMT 21 Sep 95

[FBIS Translated Text] Havana, 21 Sep (PL) — Foreign Minister Roberto Robaina confirmed today that Cuba will not participate in the meeting of Cuban emigres living in the United States that former U.S. President James Carter has called.

"It is merely assumed that Cuban Government officials will participate in that meeting," the Cuban foreign minister told journalists covering Mexican Foreign Secretary Jose Angel Gurria's visit.

Robaina said that Cuban authorities have always been willing to discuss Cuban reality with anyone expressing an interest, including those linked to former President Carter.

"However, it would be pretty bizarre for us to participate in a meeting in which we all pretend to be part of a consultative process or in a meeting with individuals who hold positions that have nothing to do with negotiations," the minister emphasized.

The former U.S. President has invited representatives of Cuban emigres living in the United States to discuss Cuban reality. Several high ranking Cuban Government officials have also reportedly been invited to the event.

"We do not plan to participate in that event," Robaina — one of the government officials allegedly invited to the meeting — indicated during a visit to a genetic engineering and biotechnology laboratory with the Mexican foreign secretary.

The Cuban foreign minister explained: "It is one thing to meet with Carter Center representatives or any official associated with the center and another thing for the Cuban officials mentioned to participate in such an event."

Ministry Denies Arrest of 'Alleged Agent' of CIA

PA2109180495 Havana PRENSA LATINA in Spanish 1616 GMT 21 Sep 95

[FBIS Translated Text] Havana, 21 Sep (PL) — The Cuban Foreign Ministry today denied reports that Frank Terpil, alleged agent of the U.S. Central Intelligence Agency (CIA), has been arrested in the country.

In a news conference, Foreign Ministry spokesman Rafael Dausa said that "Terpil has not been and is not under arrest in Cuba."

Press reports from the United States had insisted that Terpil had been arrested, indicating he had been a

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fugitive of U.S. justice since 1980 and that he had been accused of arms smuggling.

Reportage on Approval of Helms-Burton Bill

Radio Rebelde Reports Approval

PA2109183895 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Sep 95

[From the "National Radio News" newscast]

[FBIS Translated Text] The U.S. House of Representatives today approved the Helms-Burton bill, aimed at intensifying even more the blockade against Cuba with extraterritorial measures that have been rejected by a large part of the international community.

The anti-Cuban document was approved with 294 votes in favor and 130 against, even though U.S. personalities like former U.S. President James Carter and White House and State Department officials had said that the bill could not be promulgated as originally drafted.

Before the debates began, and obviously referring to the policy of the so-called Track Two policy — which seeks to undermine the Cuban society from the inside — even Secretary of State Warren Christopher said he would ask President Clinton to veto the bill. According to Christopher, the bill is not consonant with the current approach of U.S. policy toward Cuba and endangers key U.S. interests in the world.

Analysts believe that the approval of the Helms-Burton bill will be more difficult in the U.S. Senate, where it must be debated before becoming a law.

Minrex on House Approval of Bill

PA2109184095 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Sep 95

[From the "National Radio News"]

[FBIS Translated Text] [Station announcer Cesar Arredondo] A few minutes ago, during his customary news conference with local and foreign reporters, foreign ministry spokesman Rafael Dausa commented on the debates on the Helms-Burton bill taking place in the U.S. House of Representatives. Here is (Zenaida Costal) with more information.

[Begin recording] [Costal] Moments before the U.S. Chamber of Representatives approved the Helms-Burton bill, foreign ministry spokesman Rafael Dausa gave local and foreign reporters his assessment of the bill.

[Dausa] Approval is to be expected, [repeats himself] to be expected. We are not surprised by it. The bill still has a long way to go. It needs the Senate's approval, and the president, too, has to approve it. Press reports mentioned that U.S. Secretary of State Warren Christopher said in a letter that he may, or that he will, advise the U.S. President to veto the bill, as it may cause problems with that country's international allies. Moreover, it would not meet specific policy objectives toward Cuba.

What is important to stress here is, first, that it has a long way to go. Second, what I feel is important or basic to note here is that laws on Cuba are drafted in Cuba. There are no moral or legal grounds for the U.S. Congress to discuss a law on our country. In addition, with or without the law, the Cuban revolution will move forward. If the law is approved, it will no doubt have some adverse effect on our economy, but I do not think it will discourage foreign investment — or, far from it. Neither do I think it will weaken our economic recovery. In addition, I do not think it will in any way destroy the foundations of the revolution. The revolution is stronger. It is very strong. With or without that law, we will move forward.

[Costal] The U.S. House of Representatives approves the Helms-Burton bill. [end recording]

Robaina Denies Bill To Redirect Efforts

PA2109221195 Havana PRENSA LATINA in Spanish 2023 GMT 21 Sep 95

[FBIS Translated Text] Havana, 20 Sep [date as received] (PL) — Cuban Foreign Minister Roberto Robaina said today that Cuba is prepared to continue along its chosen path whether or not the Helms-Burton bill, which seeks to internationalize the U.S. blockade of the island, is approved.

The Cuban foreign minister stressed: "Although we keep a close eye on developments in the U.S. Congress, whether we decide to continue to work or not does not depend on whether this legislation is approved or not."

He was commenting to a group of journalists covering Mexican Foreign Secretary Jose Angel Gurria's visit to the island, shortly after the U.S. House of Representatives approved the bill.

The bill, approved in a 294 to 130 vote, now passes to the Senate for debate. President William Clinton, who has already said that he objects to some of its provisions, will have final approval.

Secretary of State Warren Christopher recently warned that he would recommend to the President that he exercise his veto right if the legislature should approve the bill since "it would threaten key interests" for the United States in its relations with allied governments.

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The Cuban foreign minister asserted: "We trust that intelligence and common sense will prevail; nevertheless, we are prepared for the worst."

The bill, sponsored by ultraconservative Congressmen Jesse Helms and Dan Burton, would ban businessmen and their relatives from entering the United States if they invest capital in Cuba and would deny economic aid to countries that trade with the island.

"It will be interesting to see whether the international community is willing to accept that," Robaina said, stressing that Cuba has proved for more than 35 years that "no U.S. law can make it change course."

He said the legislation is rejected "not only in Cuba's interests but also in those of the international community that it threatens," which would be compelled to abide by what a foreign congress decides regarding relations with other countries.

He said the bill has begun to receive the harshest criticism from numerous governments, including U.S. allies, which cannot accept that a nation, no matter how powerful it may be, pretends to dictate who has and who does not have relations with Cuba.

Ministry Spokesman on Bill Approval

PA2209024295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 22 Sep 95

[From the "NTV" newscast]

[FBIS Translated Text] Rafael Dausa, a Cuban Foreign Ministry spokesman, was warning of the effects that the Helms-Burton bill could have on Cuba just as the U.S. House of Representatives was approving the bill:

[Begin Dausa recording] This bill could complicate the search for a solution to the Cuba issue. We must remember that a long road still lies ahead and that laws that apply to Cuba are passed in Cuba. There is no moral or legal ground for the U.S. Congress to debate a bill about our country. The Cuban Revolution will advance with or without that bill. Our economy will be harmed if that bill passes; however, I do not think it will discourage foreign investment or place restrictions on our economic recovery. I do not think it will destroy the basis of the revolution. The revolution is very firm. We will advance with or without that bill. [end recording]

Dausa confirmed that Foreign Minister Roberto Robaina will visit the United Nations 24 September-1 October, addressing the General Assembly on Cuba's behalf and meeting representatives from U.S. social and business circles.

Lage: 'No Need To Lose Any Sleep'

PA2109233895 Havana PRENSA LATINA in Spanish 2256 GMT 21 Sep 95

[FBIS Translated Text] Havana, 21 Sep (PL) — Cuban Vice President Carlos Lage said today that everything in Cuba will remain the same and that there is no need to lose any sleep over the U.S. House of Representatives approving the Helms-Burton bill. "Craziness like this can be the result when common sense is lacking," he said.

Lage told the local and foreign press that the approval was no surprise to Cuba since "we knew the bill was to be debated in Congress and probably would be approved."

The House of Representatives approved the bill in a 294 to 130 vote, despite the executive branch's objections and the international community's rejection. The bill aims to tighten the economic embargo of Cuba.

The Senate must now debate the Republican proposal which calls for countries and businessmen doing business with Cuba to be penalized.

Mexican Secretary Reiterates Position

PA2209014495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 22 Sep 95

[Remarks by Mexican Foreign Secretary Jose Angel Gurria at a news conference in Havana on 21 September; from the "NTV" newscast — recorded]

[FBIS Translated Text] I would like to reiterate the Mexican Government's position, which the Latin American Economic System Assembly reviewed at the Rio Group summit at both the foreign ministerial and heads of state levels. The Helms-Burton bill implies imposition of one country's law on other countries — that is, companies and individuals in other countries would be sanctioned as long as companies and individuals in the United States are not allowed to trade with Cuba in certain areas.

This plan to enforce one country's law beyond its borders is totally unacceptable internationally speaking not only from a legal but also from a political standpoint. This sets an extremely critical precedent.

Mexico's position is not new: We have been maintining this position ever since we read the original text of this bill. It has been ratified time and again. It prompted the EU to respond. It has caused great concern in Canada and Mexico. The EU, Canada, and Mexico wrote the U.S. Government and Senator Helms and committee members about their concern.

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The U.S. Government recognized the concern and delivered a lengthy message to committee members and Senator Helms on why the U.S. Government feels this initiative countered some of the accords that the United States had already signed with other trading partners. It contravened accords that the U.S. Government had already signed, at least the original version of the bill did.

The European, Canadian, and Latin American Governments' position is not new. We have met on various occasions with different goals. The issue has been discussed. I do not know about the latest version. I do not know what the House of Representatives approved today. If it includes those portions that prompted initial rejection of the initiative, then the position obviously remains the same and the rejection would be in the same concern.

I would like to point out that this is all part of a process. This is merely one step. This will be presented to the U.S. Senate, where the bill may or may not be approved. The two chambers could end up having to negotiate the contents of the final version, in case they prove different or have modifications which render its text different. The process has only just begun. We cannot say today that it is a law; this is simply one step in the approval of an initiative. It has been approved by one of the chambers that must review it. The process is barely underway, so there is no reason to believe that the bill will be approved. Nevertheless, what happened today is cause for concern and undoubtedly emphasizes the elements that resulted in the rejection which has occurred in various forums for many months. Thank you.

Cuban, Mexican Officials Review Mutual Relations, Trade

PA2109140195 Havana PRENSA LATINA in Spanish 1740 GMT 20 Sep 95

[By Angel E. Pino]

[FBIS Translated Text] Havana, 20 Sep (PL) — Representatives of Cuba and Mexico today coincided in terming excellent the state of bilateral relations, on the eve of Mexican Foreign Secretary Jose Angel Gurria's arrival in this capital.

Local foreign ministry sources said Gurria, who travels invited by his Cuban counterpart, Roberto Robaina, will arrive early this evening; and he will carry out an ample program of interviews with the island's highest ranking authorities.

Carlos Zamora, director for Latin America at the Cuban Foreign Ministry, said: "The Mexican foreign secretary's visit is part of the broad program of exchanges that have always characterized relations between our two countries, and our will to increase and strengthen them even more."

In statements to PRENSA LATINA the Cuban official said relations are being developed and consolidated in many ways and it is expected that the high-ranking Mexican official's presence will contribute to sponsor new projects in the bilateral agenda.

Moreover, Claude Heller, Mexican ambassador to Havana, said the trip is consistent with the excellent relations between Mexico and Cuba, and the high-level contacts carried out in recent weeks.

The Mexican diplomat recalled the "ample and friendly" interview held between Presidents Fidel Castro and Ernesto Zedillo in Trinidad and Tobago, during the Association of Caribbean States' summit, held in August at that country.

He also mentioned the recent visit to Mexico by Carlos Lage, Vice President of the Cuban Council of State and Vice Foreign Minister Fernando Remirez de Estenoz.

The Mexican diplomat emphasized: "This proves the degree of excellence in our bilateral relations and the growing consolidation of ties between the two countries, within an ample and diverse framework."

He also mentioned that the intensive exchange program at the highest level expresses the importance that new issues have acquired in those ties, including economic and commercial relations — which have noticeably increased in recent years.

With the disappearance of the Soviet Bloc and the disintegration of the USSR, Mexico has become the island's fourth partner (after Russia, Spain, and Canada) and the first in Latin America.

The amount of commercial exchange between the two countries totals approximately $200 million and, in Heller's opinion, "there are very good perspectives" of developing it even more with the Cuban opening to foreign investments.

He said that the economic reforms being implemented way and the promulgation of a new foreign investments laws favors the increasing presence of private Mexican groups that are quite interested in the opportunities that arise in the island.

According to Heller, the commercial exchange amply favors Mexico given its greater export capability, but authorities in the two countries are working on a way to reduce the deficit.

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There are various areas in which Cuban products might have an important participation in the bilateral trade, for example the sale of Cuban medicine, an area in which Cuba has achieved noticeable success, he said.

In his statements to PRENSA LATINA the Mexican ambassador reasserted his country's support to Cuba's participation in the hemispheric integration process.

"Mexico sees with deep sympathy that Cuba already participates very actively and significantly to strengthen continental relations using different approaches," he emphasized.

According to Cuban foreign ministry sources, Gurria will hold meetings with Vice President Carlos Lage, Foreign Minister Roberto Robaina, Tourism Minister Osmany Cienfuegos, and Economy Minister Jose Luis Rodriguez.

The program will conclude on Friday morning with a meeting with local and foreign journalists at the International Press Center in this capital.

Spanish Firm Signs Agreement for Cable TV Channel

PA2109164095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 21 Sep 95

[From the "NTV" newscast]

[FBIS Translated Text] In March 1996, a channel by cable television will begin 24-hour transmissions from Cuba to the southern region of the United States and to South America, reaching Argentina.

The channel will be called Multimedia Caribe and transmissions will be in Spanish. Its programming will include drama, musicals, sports, and news information.

This cable channel is the result of an agreement signed today by Spanish corporation MA Publicidad and Cuban firm RTV Comercial, which will use and commercialize videos and movies from the Cuban Institute of Radio and Television archives.

Autonomous News Agency Begins Operations in Havana

PA2109135995 Paris AFP in Spanish 1650 GMT 19 Sep 95

[FBIS Translated Text] Paris, 19 Sep (AFP) — The Association of Reporters Without Borders (RSF) reported on Wednesday in Paris that an autonomous press service, the Independent Press Bureau of Cuba [Buro de Prensa Independiente de Cuba] (BPIC) began to operate on Tuesday in Havana and dedicated its first dispatch to the new Cuban law on foreign investments.

According to the journalists' defense association, the BPIC includes various fully established agencies, and it will operate like a national network 35 years after the last unofficial newspaper, PRENSA LIBRE, was closed on 16 May 1960 in the island.

The BPIC's director will be Indamiro Restano Diaz, who was arrested in 1991 and sentenced next year to 10 years in prison "for rebellion," and he was finally released in June.

RSF indicated that the BPIC already has two repeaters abroad, in the United States and France. The new agency is an independent organization, without ties with political groups or governments, and it has received aid from the Lillian Helman Foundation in the United States.

A delegation of the RSF is currently in Cuba supporting this initiative, upon request from Restano Diaz. The RSF indicated in its communique on Tuesday that certain members of the BPIC — which is comprised of 15 persons, including journalists and supporters — have seen their work obstructed.

Spokesman Confirms Castro To Visit Uruguay 'Soon'

PA2209014795 Havana PRENSA LATINA in Spanish 1635 GMT 21 Sep 95

[FBIS Translated Text] Havana, 21 Sep (PL) — Cuba announced today that it has accepted the Uruguayan Government's invitation for Fidel Castro, the Cuban head of state, to visit that South American country soon.

Rafael Dausa, a Foreign Ministry spokesman, told the press that the two countries' foreign ministries are currently working out the details of the visit.

He added that the date for the visit has yet to be determined.

National Bank of Cuba President Ends Visit to Japan

PA2109140095 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Sep 95

[From the "National Radio News" newscast]

[FBIS Translated Text] (Francisco Soberon Valls), president of the National Bank of Cuba [BNC], ended his official visit to Japan. During his stay in Japan the BNC president took the opportunity to provide detailed information with respect to the situation the island is going through and its prospects.

In addition, (Soberon) explained the extent of the measures being implemented to reorganize the Cuban

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banking system and the strategies about to adopted in this respect.

(Soberon Valls) was received by the authorities of the Bank of Japan, the Ministry of International Trade and Industry, the Ministry of Foreign Affairs, and by members of the Japan — Cuba Economic Conference. He also met with the board of directors of several private banks as well as members of the Japan Center for International Finance.

Juragua Nuclear Plant Maintenance Relates to Safety Issue

PA2209021795 Havana Cuba Vision Network in Spanish 0000 GMT 20 Sep 95

[Report by correspondent Omar George, in Cienfuegos; from the "NTV" newscast]

[FBIS Translated Text] The International Atomic Energy Agency is sponsoring the third round of technical talks on Latin American nuclear plants, currently underway in Cuba:

[George] The Russians have served as the main partners in this study [not further identified], with Cuban specialists and various Western firms participating. It must be completed before the project is presented to outsiders who might be interested in exploiting it together with the Cuban state. Maintenance work is being done at the facility in parallel with the study, work that aims to protect what has been built and any equipment that has been installed or is in storage. The program has been conducted with help from Russian factories, which granted Cuba a $30 million credit for this purpose. The maintenance work directly relates to the plant's safety measures. Each piece of equipment is handled and categorized according to its technical function. The program is subject to permanent control and checkups. The Juragua nuclear power plant timetable was prepared based on our own experience and that of other plants in different parts of the world whose construction was paralyzed for different reasons and which later resumed this activity.

President Denies Plant Unsafe

PA2109173895 Havana Radio Havana Cuba in Spanish 0000 21 Sep 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Nuclear Energy Agency President Daniel Codorniu has stated in Vienna, Austria, that the foreign propaganda campaigns on the alleged lack of safety at the Juragua Nuclear Power Plant, under construction in central Cienfuegos Province, are unfounded from a technical standpoint.

During his participation at the 34th session of the General Conference of the International Atomic Energy Agency [IAEA], Codorniu reiterated Cuba's willingness to exchange information and cooperate with any neighboring countries, including those that have doubts over the purpose and safety of the Cuban nuclear power program.

The only condition for such contacts, the Cuban delegate warned at the Vienna nuclear conference, is that they take place on a reciprocal and honest basis, while stressing IAEA's technical support and cooperation with developing nations, especially with Cuba, which is carrying out a set of projects in the field totaling $2 million.

Commentary: Individuals Important to Solving Problems

PA2209032595 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Sep 95

["Recognizing Man": Commentary by Jose Yanes; from the "National Radio News" newscast]

[FBIS Translated Text] Unfortunately, many people consider man a trite, disparaging, and boring topic of discussion. Ignoring man as a topic of discussion could prove dangerous to the country. Cuba must think of man's creative initiative and enthusiasm as a basic supplement to the resources that he cannot obtain, like convertible foreign currency.

Recognizing man means much more than providing him with a few pounds of food, a basket of products that are hard to come by, or a few more pesos. It means much more than presenting him with an ordinary diploma at an ordinary ceremony.

We must remember that thousands of work centers and hundreds of thousands of workers are not afforded even the aforementioned opportunities. They rely on a salary paid in a devalued currency that barely has any purchasing power.

Recognizing man also involves encouraging people to take bold initiatives and not fear making mistakes. Recognizing man involves fighting dogmatism, formality, and ordinary routines, as well as liberating people's thought and helping them express themselves through bold initiatives.

It also involves increased contact between leaders and workers in the hopes that any ideas from below will play a role in their identifying and grasping objective and subjective deficiencies together.

It involves stronger relations between the administration, the Party, the Union of Young Communists, and

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unions through respect, cooperation, and reviewing matters together.

Finally, it involves getting the people to feel that they are alive and play a role in solving real problems and are not just there to perform routine tasks in a formal and bureaucratic environment.

Government leaders and provincial and municipal presidents of the National Assembly of the People's Government expressed support during their recent three-day meeting for the idea of working with human beings one-on-one and tending to their problems. Although I did not attend the meeting, I believe that they considered the overall recognition of man.

This is how to make people feel that they count and that they play a real role in solving problems.

Barbados

Editorial: U.S. Embargo of Cuba 'Senseless'

FL2109165695 Bridgetown CANA in English 1442 GMT 21 Sep 95

[FBIS Transcribed Text] Bridgetown, Barbados, Sept 21, CANA — Following is the text of the editorial in Thursday's [21 September] BARBADOS ADVOCATE newspaper:

"Patterson's defence of Cuba — An end to the 33-year-old embargo against Cuba by the United States is evidently a major foreign policy concern of Jamaica's Prime Minister, P.J. Patterson who had a meeting a week ago with President Bill Clinton.

Indeed, with issues discussed on Wednesday in Washington still fresh in his mind, Patterson on Thursday night chose to underscore his government's strong opposition to this embargo when he addressed the 57th annual conference of the ruling People's National Party (PNP). In so doing, Patterson and his PNP remain consistent in supporting Cuba's right to self-determination and in contending that the U.S. embargo is counterproductive to a desirable improvement in U.S.-Cuba relations.

One of the region's more experienced political leaders who bears some specific responsibility for Caricom's [Caribbean Community] external negotiations, Patterson would be aware that there is little chance of any significant shift prior to the 1996 presidential elections towards ending the U.S. embargo. He is never-the-less convinced that, as he told the PNP conference, the embargo "is senseless", the more so in this post Cold War phase.

Caricom countries have voted with the majority at the United Nations General Assembly on two successive occasions to end the embargo. The issue is most likely to surface again for the new session of the General Assembly that starts next month with celebrations to mark the 50th anniversary of the world body.

Given its normalisation of relations with Vietnam, anxiety to quickly diffuse conflicts with China, and the initiatives for a new relationship with North Korea, the United States' obsession in maintaining a hostile policy towards Cuba, remains a perplexing post-Cold War American problem.

Twenty-three years ago, Barbados joined with Jamaica, Guyana and Trinidad and Tobago in jointly establishing diplomatic relations with the government of President Fidel Castro. Today, with the singular exception of Dominica — with which it conducts bi-lateral relations — Cuba has diplomatic ties with member countries of Caricom. Cuba is an active member of the Caribbean Tourism Organisation, a founding member of the Association of Caribbean States and a Joint Cuba-Caricom Commission explores areas of co-operation in various fields in a process of improved and strengthen relations. [sentence as received]

Mr. Patterson would have good reasons we are sure for denouncing as "senseless", one day after his meeting with Mr. Clinton, maintenance of the United States embargo against Cuba."

Government Announces Sale of Shares in State Dairy

FL2209022095 Bridgetown CANA in English 2305 GMT 21 Sep 95

[FBIS Transcribed Text] Bridgetown, Barbados, Sept 21, CANA — The Barbados Government on Thursday [21 September] announced it was selling nearly two million shares in the Pine Hill Dairy [PHD]. Government's remaining shares in PHD are going to the dairy's management and staff and the public.

"This step is in keeping with the (Barbados Labour Party's) 1994 manifesto pledge on "broadening the base of ownership in the economy," by selling "equity in these (state) enterprises by giving priority to employees of te enterprises and to small investors who have not traditionally been offered opportunity for such investments," the Government Information Service reported.

Cabinet has approved the sale of 1,732,242 shares. 200,000 shares will be offered to management and staff at 2.00 (one Bds dollar = 50 US cents) per share while the public will be sold 1,532,242 shares, with local dairy farmers being given the opportunity to purchase.

The last time PHD shares were placed on the market was 1992. The sale started on July 10, 1992 with the

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closing date being August 10, 1992. By that time, only 15 percent were taken up and the offer was extended until October 13, 1992, when a total of 267,758 shares were sold.

Prime Minister and Minister of Finance Owen Arthur says the share offer is an important step in government's plan to further economic democracy by broadening the base of ownership in the economy in a meaningful way. The prime minister urged Barbadians to take advantage of the share offer and obtain a stake in a major business venture.

Grenada

Government Plans To Sell State Radio, Television

FL2209011695 Bridgetown CANA in English 2054 GMT 21 Sep 95

[FBIS Transcribed Text] St. George's, Grenada, Sep 21, CANA — The New National Party (NNP) government is looking to sell the state-owned Grenada Broadcasting Corporation (GBC) Radio and Television by the end of the year. An official government release Wednesday [20 September] announced the intention of the new government to put nationals on the alert to prepare to bid for the entities. Government's stated preference is to allow nationals to own the system.

The NNP pledged during its election campaign to sell the television station, but now it seems also prepared to sell the radio station as well. Trinidadian media magnates are already showing interest and reliable reports say the target is to have them in private hands by January of 1996.

The Grenadian VOICE newspaper reported Thursday that representatives of Ken Gordon's media empire in Trinidad visited the corporation last week and offered to put forward a proposal for its acquisition.

Haiti

New Group Opposes IMF Economic 'Death Plan'

PA2209005195 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Text] Grassroots organizations in the north are being very critical of Haitian President Aristide. A spokesman for the New Alternative for the People's Forces Against Occupation and the IMF [Nouvel Altenativ Fos Popile yo Kont Okipasyon ak FMI (NAFPO)] in Cap-Haitien has said that the Haitian president has changed a lot since his return to power. The leaders of this grass-roots organization claim that Haitian officials have sacrificed what was achieved on 16 December 1990, for the IMF plan and the presence of foreign forces on national territory. Correspondent Denis Victor reports from Cap-Haitien:

[Begin recording, in Creole] [Victor] A member of the group told the press at Cap-Haitien's Louis Mercier High School on 19 September that President Aristide returned to Haiti on 15 October 1994 a puppet president who holds only enough power as president to be able to praise Americans everywhere, and that the Aristide-Michel government has sacrificed the ideal of the 16 December victory in order to implement the IMF/World Bank death plan.

[Unidentified speaker] The Aristide-Michel government has sacrificed the ideal of the 16 December victory to implement (?without reservation) the IMF and World Bank death plan.

[Victor] NAFPO members point out that although the Claudy Museau and Antoine Izmery assassinations are being investigated, justice has yet to be served in the deaths of 5,000 coup victims. Reconciliation with macoutes, amnesty for criminals serving in the Army, the formation of a new police force under the aegis of the Americans, and protection for other criminals are clear signs that the people's blood will continue to flow. However, they believe that the people's fundamental demands — such as land reform, a minimum wage, ridding the public sector of macoutes, and so on — will be satisfied.

NAFPO is a new alliance, incorporating the APDN, People's Assembly of the Department of the North; Integrated People's Action of the North; Committee of Initiatives for the People's Struggle; and AREKAP [expansion unknown]. These grass-roots organizations have committed themselves to unifying progressive militants and organizations steadfast in the struggle against the imperialists and the lavalas government, in an attempt to get them to review the neoliberal plan. [end recording]

Group Endorses Necklacing, Criticizes Aristide

PA2109235595 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Text] Anti-IMF group leaders told the press yesterday that necklacing is an effective weapon against imperialism. The group pointed out that although President Aristide gained power through anti-imperialist rhetoric, he now labels all those who oppose the neoliberal economic policy as false nationalists. Yves Sanon, for whom burning tires constitute a legitimate means of defense, says that Aristide has a very short memory:

[Begin Sanon recording, in Creole] President Aristide has a short memory. President Aristide is where he is

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today because of his anti-imperialist rhetoric. He used to tell people at Saint Jean Bosco [church]: We are poor; we are honest but poor; we will not die at the feet of U.S. imperialists. If President Aristide supports the country's occupation today, we think that President Aristide is the one who is in a bad position [words indistinct]. The people must defend themselves. [end recording]

At this news conference, Wilton Mondesir, arrested during the demonstrations of 19 September, seized the opportunity to denounce the policemen who treated him badly while in detention. Mondesir likened the behavior of Anti-gang Department policemen to that of members of the former regime.

Bertin Assassination Suspects Released

PA2109230995 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Text] The Haitian Justice Department yesterday released a group of Haitian radicals, members of the United Militants Front [FMR], who had been held in a Port-au-Prince jail for more than six months in connection with the assassination of Mireille Durocher Bertin. U.S. soldiers arrested Eddy and Patrick (Moise), Michelet Nicolas, Antoine Saint-Clair, and Claude and Evelyne Douge on 19 March in connection with a plot to assassinate Bertin, a well-known Aristide opponent and Port-au-Prince attorney. Those released either belong to or are sympathizers of the FMR, which the (Moise) brothers head. The organization occupied the Canadian Consulate in Port-au-Prince in late 1991 over the issue of granting political asylum to 18 of its militants.

Tensjons arose between Port-au-Prince and Washington following the unidentified armed commando's assassination of Bertin and one of her clients in Port-au-Prince on 28 March and reports of an alleged link between the arrested suspects and Haitian Interior Minister Mondesir Beaubrun. The Haitian Government refused to honor Washington's request to bar the minister until his name could be cleared, with Haitian Prime Minister Smarck Michel rejecting any possibility that the minister could be involved.

Police sources confirm that Claudy Joseph Lacroix, arrested on 14 April as part of an investigation that the FBI and others are conducting into Bertin's assassination, remains in jail.

Jamaica

Toronto Consulate Reports 200 Passports Missing

FL2109122295 Bridgetown CANA in English 2204 GMT 20 Sep 95

[FBIS Transcribed Text] Kingston, Jamaica, Sept. 20, CANA — Two hundred new Jamaican passports which were dispatched to the Jamaican Consulate in Toronto have gone missing presumably as a result of theft. The missing documents were discovered when a consignment of passports arrived in Toronto on Friday, September 1, 1995 via Air Canada from Jamaica.

The security authorities in Jamaica and Canada are actively investigating this incident and in the meantime steps have been taken to prevent a reoccurrence through further improvements in the dispatch of diplomatic mail, a release from the Ministry of Foreign Affairs and Foreign Trade said yesterday. All Jamaican embassies, high commissions and consulates abroad have been notified and have in turn notified the immigration authorities worldwide.

The passports missing are numbered 2015484-2015683 and are now on a special watch list. They have been canceled and are therefore invalid. Anyone found in possession of these passports will be subject to police interrogation.

Trinidad and Tobago

Editorial on Possible Police Involvement in Murder

FL2109165595 Bridgetown CANA in English 1434 GMT 21 Sep 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, Sept 21, CANA — Following is the text of the editorial in Thursday's [21 September] NEWSDAY newspaper:

"The rumour mills have to shift focus with the disclosure that the Forensic Science centre has tested and cleared all of the 22 guns assigned to the nine members of the Multi Optional Purpose Section (MOPS) who reportedly responded to a call on August 30 to investigate a shooting incident in which Muslimeen Muhammed Aziz was killed. Salim Muwakil who was driving the car in which Aziz was shot had claimed that he had recognised three of the alleged gunmen as MOPS officers.

Apart from the guns of the nine officers, 40 other guns assigned to the Multi Optional Purpose Section have been sent for ballistic testing to make sure that ALL [caps as received] MOPS guns are cleared. There is need to do this as unfortunately rumours of police involvement in the killing of Aziz continue. There is the indication that there are many persons in Trinidad and Tobago who hold a cynical view of the police. Within recent years rumours of some police officers being in the pay of drug barons have surfaced and persisted provoking a measure of disquiet.

The rumours after the manner of so many failed very often to pinpoint specific persons and so were not as easily disproven as those concerning the guns assigned to the MOPS officers. In many cases the police have themselves to blame when the public perception of them

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is so negative, leading even foreign police departments to accuse them of lack of co-operation.

Why, one wonders was no police spokesman available for interview by a team of Canadian police investigating the death of two Canadian visitors here last year? Instead Opposition Leader Basdeo Panday seized the opportunity to criticise the police. While we appreciate that the police will not be able to divulge sensitive material they should however where this is feasible, let the public know what they are doing.

We switch gears somewhat. Yesterday's NEWSDAY report that bandits had raided a security guard's home and stolen his belongings within hours of his death is an indication of how low some of the more callous in our community have sunk."

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Bankers Association President on Agreement

PA2009190395 Mexico City EL FINANCIERO in Spanish 18 Sep 95 p 4

[Report on interview with Jose Madariaga Lomelin, president of the Mexican Association of Bankers, by Rosa Alba Arroyo and Alicia Salgado in Mexico City; date not given]

[FBIS Translated Text] Jose Madariaga Lomelin, president of the Mexican Association of Bankers (ABM), has said that the main danger facing financial markets lies not in the economic front but on the country's political and social stability. He pointed out that should the Agreement for Immediate Support to Bank Debtors (Ade) fail to work "not only the banking system but the country would be at risk," because Ade is a mechanism to promote the rescheduling of debts and "not a guarantee to solve the national problem."

During an interview with EL FINANCIERO, Madariaga noted that Ade is not a solution to the past due loan portfolio problem but "it is a bridge to gain the trust of clients and maintain the viability of banks."

"Mexican banks are not facing technical bankruptcy," Madariaga said categorically after stating that the process of capitalization and mergers, which started in the latter part of the first semester of this year, was partly responsible for facilitating a reduction in debtors' interests, as was possible through Ade. "The other aspect is the macroeconomics expectations, because this would not be possible without dropping interest rates and inflation. In fact, should the difference between the market rate and the reduced rate surpass the 20 point mark, the country would be facing a high risk."

Madariaga underscored that Ade, in terms of easing the flow of debtors' payments, constitutes a partial restoration of the purchasing power that was affected not only by inflation but by the excessive financial burden facing debtors who are up to date in their payments. He added that by normalizing the relations between banks and its creditors, "we expect a more intense reaction from the more than 500,000 persons that should sign a letter of intent at an average rate of three per branch per day from 11 September to 31 October," and more so if the reaction of the clients continues "as during the first days when the outcome was better than expected."

As for the rescheduling of debts through Investment Units (UDI's), Madariaga explained that the reason for the failure of the first phase of this program (that was launched in April) was that May registered the year's highest inflation rate, and the banks failed to train their personnel and the bank branches were unaware of the UDI mechanism.

He pointed out that this week financial authorities committed themselves to presenting to the bankers the second program involving the use of UDI's on credit cards and consumption credits. Madariaga said that an agreement was reached to use UDI's of the production plant program until 31 January and, should there be "a surplus," to use them on the mortgage program, which was launched in August and is the one that has worked the best in terms of balances, terms, and amortization.

As for the cost of the Ade, he said it is $2 billion, of which the government puts up $1 billion and banks the other $1 billion, while the client's cost is that of recognizing his liabilities."

As for the impact of the Ade on the economy's evolution, Madariaga said that "even though it is part of the solution because of the breathing space it gives debtors, the problem of outstanding [debt] portfolios in the country depends on the prompt recovery of the country's economic activity."

He added that the Ade does not intend to resolve 100 percent of the problem because that would be impossible, but since it is addressed to debtors who are up-to-date in their payments, the goal is to get those who have fallen behind in their payments to become up-to-date in order to receive the benefits.

The 100-percent credit card and 91-percent consumption benefit is received by 78 percent of creditors.

As for the banks' inefficiency, Jose Madariaga, who is also president of the Probursa Financial Group, said the "highest priority in the system is the modification of the collection terms, making them compatible with the banks' credit conditions in terms of time and interest rates. We do not have the proper mechanisms to get the average collection time to exceed 28 days when long-term credits are granted. Interest rates have something to do with this too, because at a 28-day term, the yield is greater than at a one-year term in Mexico. There is even an inverse relation there.

Moreover, sources from the ABM said that a week after the Ade went into effect, the "Acercatel" telephone communication system received a little over 72,000 calls.

"The response was better than expected, but the first weekly report on refinancing will be issued on Tuesday and Wednesday of next week. At that moment we will be able to make a more accurate evaluation and determine the trend of the 506,000 plus expected refinancings that require the signing of a letter of intent because they are considered "challenged portfolios," the sources said. The balance of the outstanding portfolios as of August, on which the Ade was based, amounted

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to 109 billion new pesos, which means there was a bimonthly increase of 14.26 percent. In June it was 92.367 billion new pesos.

EL FINANCIERO Releases Economic Analysis

PA2109212495 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 17 Sep 95 p 3A

[Report by Victor Felipe Piz]

[FBIS Translated Text] As a result of the stabilization program, Mexico began to climb out of the financial hole during the second quarter, as speculation on the peso and the upward trend in internal interest rates dropped and the stock market showed gradual recovery.

In view of the recessive nature of the emergency plan, in its economic aspect, there has only been an improvement as regards inflation, because due to the lack of liquidity and its profound deterioration, investment, production, consumption, and wages remain at the heart of the crisis.

The above can be surmised from a study by EL FINANCIERO's Economic Analysis Division, based on information by the Finance and Public Credit Secretariat; the Bank of Mexico [Banxico]; and the National Institute of Statistics, Geography, and Information Science. The volatility of over 50 percent in the exchange rate during the first quarter of this year shrank to 9.3 percent from April to date, when the price of the interbank dollar fluctuated between 5.78 and 6.32 new pesos. Last Friday alone, the dollar sold for 6.26 new pesos.

Within that context, the primary yield of 28-day Treasury Certificates (Cetes) dropped 2.4 times with regard to the highest seven-year level it reached during the fourth week of March, since now it is 34 percent — that is, very close to its initial rate in 1995. The Mexican Stock Exchange went up 77.3 percent compared to its lowest point this year, allowing it to accumulate in the past eight and one-half months a nominal profit of 8 percent. The monetary constraints, however, meant that 15.512 billion new pesos in bills and coins were taken out of circulation, but only 14.5 percent of that amount has been recovered, since the liquid money of the economy totals 46.379 billion new pesos. The austere nature of the economic policy caused the most serious imbalance in the past 13 years in the GDP, the job market, and the purchasing power of wages.

The excessive financial cost of money brought with it, in annual terms, a 27 percent drop in fixed investments during the first half of 1995 — whereas during the same period last year, it grew 8.5 percent.

Null capital spending and limited payment led to a drop in economic activity and the domestic market. From January to June the real GDP shrank 5.8 percent compared to the same period in 1994, whereas private consumer spending of private goods and services declined 12.5 percent.

The adjustment program forced companies to implement savings and cost reduction programs that they basically followed with mass layoffs. It is sufficient to mention that at the end of the first half of this year the number of unemployed persons rose to 2.3 million, whereas last year it was 1.2 million.

The monetary restriction helped to limit the inflationary impact on the peso of depreciation. It climbed up to 8 percent in April. The monthly variation of the consumer price index dropped to 1.7 percent. The inflation rate, however, took a seven-year plunge, since it had an impact on the purchasing power of wages. The purchasing power of the minimum wage dropped 10 percent in the first six months of 1995.

Rate exchange stability and the drop in domestic loans began in March when the government implemented the Action Plan to Strengthen the Agreement of Unity to Overcome the Economic Emergency (PARAUSEE), which primarily sought to stabilize the financial markets in the short run in order to overcome the economic crisis as soon as possible. The greater strength with which the peso/dollar parity evolved in the past five and one-half months was bolstered by the almost 90 percent reduction in the amount held by the public in the form of Treasury Bonds (Tesobonos), which currently total $2.9916 million.

The emergency program acknowledged the reduction of the funds available to our country, something that shook financial activity, since investors, particularly from abroad, were edgy regarding the capacity of the public sector to pay its short-term debts with denomination in Tesobonos.

The creation of an exchange stabilization fund for $47.750 billion, from the U.S. Treasury, the IMF, and the Bank for International Settlements, generated uncertainty.

At the end of August, 50.1 percent of the negotiated resources had been used: $10.5 billion in favor of the federal government, and $13.402 billion in favor of Banxico.

Bancomext Places Bond Issue on Japanese Market

PA2109155395 Mexico City REFORMA in Spanish 18 Sep 95 p 21A

[FBIS Translated Text] According to communique, the National Foreign Trade Bank of Mexico (Bancomext)

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yesterday placed a two-year public bond issue amounting to 20 billion Japanese yens ($192 million). The communique pointed out that the total cost of the operation, once the coverage was made, was at a six-month, LIBOR-plus-284 base points rate. The issue will have 3 percent annual coupons in Japanese currency payable every six months.

Bancomext explained that this operation is the first operation it has carried out since December 1994 in which only Japanese institutions are participating. This shows the trust Asian investors have in Mexico.

The bank also reported that 15 billion yen was the initial amount considered for this operation, but that the growing demand for this type of bond encouraged the increase to 20 billion yen.

The bank maintained that the Asian investor's confidence in Mexico will allow the Mexican institution to continue to evaluate the financing possibilities at international markets in order to keep supporting the domestic exporting sector.

Japan's Yamaichi International and Fuji Bank participated in the placement. Fuji Bank was Bancomext's counterpart in the coverage operation (swap) [previous word published in English] of the original liabilities in Japanese yen, involving the payment of interests and capital in American dollars.

Foreign Debt Payments Expected To Drop in 1996

PA2109163795 Mexico City REFORMA in Spanish 19 Sep 95 p 17A

[Article by Martha Trejo]

[FBIS Translated Text] A Finance Secretariat report has noted that the country's foreign debt payments in 1996 will be significantly less than in 1995.

During the presentation of the document "Evolution and Outlook of the Mexican Economy," the Finance Secretariat noted that while Mexico planned to make foreign debt payments for nearly $10 billion at the beginning of 1995, the country now plans to make foreign debt payments for under $4 billion starting in January 1996.

According to the Finance Secretariat, foreign debt payments in 1995 will decrease to their lowest level between September and October, and will pick up in November. Foreign debt payments in 1996 should remain practically stable throughout the entire year.

According to the information provided by the Finance Secretariat, the country's economic recovery will begin in late 1995 and, as an indicator, it mentioned the change in manufacturing production, which has registered a monthly increase since April 1995.

The document states that the expected recovery is also based on improved expectations in the business atmosphere reflected in the semi-annual business survey conducted by the Bank of Mexico.

According to the Finance Secretariat, the policies adopted following the devaluation have yielded good results; as for its medium term strategy, the Secretariat states that its policies will be aimed at increasing domestic savings and productivity.

Finance Secretariat Issues Document on Economy

PA2109143095 Mexico City LA JORNADA in Spanish 19 Sep 95 p 47

[Report by Jose Antonio Zuniga]

[FBIS Translated Text] The Secretariat of Finance and Public Credit (SHCP) reported yesterday that once the Mexican economy "touched bottom" between the second and third trimesters of 1995, the two main priorities of its economy policy were "to restore sustained growth and well-remunerated jobs, to solve problems facing debtors, and to strengthen the banking system."

A document titled Evolution and Perspectives of the Mexican Economy, which according to SHCP officials served as the basis for a presentation given by Finance Secretary Guillermo Ortiz before foreign investors in New York, states that "the country's economic recovery will begin by end of the year" and presents a favorable outlook based on four specific developments.

The first development states the use of 60 percent of 1995 public expenditures during the third and fourth trimesters; the use of 1.6 billion new pesos of risk capital from the Infrastructure Fund for joint investments between the public and private sectors; and the start of a program — that is not specified — to build homes for families and to give permanent support to the rescheduling of family and company debts through the Investment Units (UDI's) Program and the Agreement for Immediate Support to Bank Debtors (Ade).

Without giving details, the report notes among its conclusions that "the policies adopted after the devaluation have yielded the expected results" and adds that: The exchange rate has improved and stabilized, the stock market has recovered, there is greater liquidity in financial markets, the number of Tesobonos [Treasury Bonds] has dropped by 90 percent, and the country has regained access to international capital markets.

The document adds that the country risk has decreased, a strict monetary discipline and a restrictive fiscal policy

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have been maintained, the trade balance is now showing a surplus, and the inflationary effects of devaluation have been contained.

Resembling more an apology than an assessment, each point on the government report is accompanied by graphics. The one accompanying the improvement and stabilization of the exchange rate identified parity several days after 10 August with an accumulated devaluation of about 80 percent in relation to the 19 December 1994 parity and a low and constant volatility beginning on 10 May.

The graphics on "greater liquidity of financial markets" use a Cartesian axis to establish the curves of evolution of the difference between purchases and sales of Cetes [Treasury Certificates], at-par bonds, and exchange rates that tend to decrease the differential spectrum until lines similar to those of a seismograph merge in early July.

Using bars, the graph on "a restrictive fiscal policy" compares revenues and expenditures as a ratio of GDP during the first semesters of 1994 and 1995. The revenues collected between January and June 1995 were 17.2 of GDP, compared to 16.7 percent of GDP during the same period in 1994. However, it fails to indicate that the size of the economy in 1995 is 5.8 percent smaller than that of 1994.

Among the factors that contributed to the strong recession are: decrease of foreign capital inflows equivalent to 8 percent of GDP — that is, about $29 billion; abrupt decrease in availability of credit within the economy; excessive indebtedness by companies and families, which has decreased consumption and investment; and effects of devaluation on revenues and wealth that have provoked a decrease in private consumption.

The document also mentions "certain indicators showing that the economy touched bottom during the second and third semesters of 1995" including the fact that the number of workers who are permanent members of the IMSS [Mexican Social Security Institute] increased for the first time in August; direct foreign investment grew by more than 66.4 percent — $1.6 billion — during the second trimester; production in three manufacturing sectors grew during the second trimester, compared to the first trimester of this year; as well as the reduction in cement consumption, which stabilized in June and July.

The document states that "the policies adopted after the devaluation have yielded the expected results. It concludes that in tackling the most severe crisis in its recent history, Mexico has reaffirmed its conviction to maintain a market economy. The policies that will be applied will seek to increase domestic savings and productivity. The most severe effects of devaluation are over. A gradual recovery of economic activity is expected in upcoming months.

In the first six months of 1995 some 820,000 persons lost their jobs at a rate of 136,000 per month, according to a statistical report issued by the Finance Secretariat. This trend, however, showed signs of change in August.

Zedillo Proposes Creating Security Council

PA2109033395 Mexico City EL FINANCIERO in Spanish 19 Sep 95 pp 24, 25

[Report by Miguel Angel Ortega]

[FBIS Translated Text] In light of the loss of "respect and confidence in the institutions" of the country, growing public insecurity, and the slackening in the national security bodies, the government of President Ernesto Zedillo will propose the creation of the National Security Council [Consejo Nacional de Seguridad] (Cosena). A head-on fight against drug trafficking will be one of its main objectives.

Devised as a rapid reaction institution that will propose solutions at the highest level to prevent a deluge of political and social problems, Cosena would start operating with a 300-man roster.

With a reorganization of the system, more executive tasks would be assigned to Cosena. To carry them out, it would also have one or two immediate reaction operative cells made up of 30 elite agents who could be deployed anywhere in the country.

The Center for Investigation and National Security (Cisen) would be merged into the new body and would be in charge of analysis collection only. The National Drug Institute [INCD] would suffer the same fate, because certain government circles have the idea that drug trafficking has infiltrated it.

The Secretariats of Interior, National Defense, Navy, and Communication and Transportation, the Office of the Attorney General of the Republic [PGR], the 32 state prosecutors, and the Office of the Attorney General of the Federal District [Procuraduria General de Justicia del Distrito Federal] will make up Cosena, which would be under the control of the chief of the executive branch.

The chief of state would be the chairman of the new body, and the head of the Secretariat of the Interior would become Cosena's executive secretary. With this, the Office of the Presidency, which Jose Cordoba Montoya managed at his will during the previous six-year presidential term, would no longer have national security duties.

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Organized Crime and Social Movements

Cosena's immediate duties would be to strengthen the government bodies and win the citizens' credibility with the "president of the Republic and state institutions." Combating organized crime (mainly drug trafficking) and controlling social movements are its urgent tasks.

According to sources to which EL FINANCIERO had access, the relaxation of the discipline of national security bodies and the fact that corruption infiltrated the institutions combating drugs (the INCD and the PGR) stand out among the reasons behind the creation of Cosena.

The growing process of lack of respect for the country's institutions (mainly the presidency) translates into slander against the president. The lack of respect for the state is shown by the generalization of conflicts against the government and the takeover of its installations by nonconformist groups. This situation has reached such an extreme that a presidential candidate was even murdered.

One element that called for attention among the reasons for the creation of Cosena is the disbanding of social movements. This reason reads as follows: In the past, the Institute of the National Fund for Workers Housing (Infonavit) was tasked with resolving the people's housing problem, in which the official unions played a significant role because they had control. However, corruption in Infonavit and the official unions made the system fail. Nowadays, the demand for housing has become a banner for independent social groups confronting powerful entities and forcing official institutions to grant credits that capitalize their benefits and fail to favor the government.

It is also recognized that citizens do not trust the state, because what is said today is denied tomorrow. To this scenario, growing public insecurity stemming from social disintegration and the behavior of "organized crime," which harms the population, is added.

Organized crime is identified first as drug trafficking, followed by money laundering, kidnappings, bank robberies, bands of thieves, and other issues.

For all these reasons, the priority of the new national security body would be to land blows against organized crime in order to instill social certainty and maintain control ("to offer solutions without bureaucratic obstacles") over social movements to strengthen political stability.

To carry out these tasks, Cosena must establish effective coordination with the states by conducting intelligence work to prevent uprisings and by acting immediately after the risks are pinpointed. The participation of state prosecutors is essential here, the analysis stated.

Multinational Forces

Certain areas of the Secretariat of Interior are currently conducting studies to give legal status to Cosena to ensure that its actions will not violate the sovereignty of the states of the federation. Likewise, a group of experts is working to find or — in case they are missing — propose the legal opportunities that will let this new superpolice body move within the framework of NAFTA to ensure that coordination with the U.S. and Canadian security organizations will be more expeditious and, above all, more effective.

In a globalized world, organized crime must also be tackled in a globalized fashion, especially because our country has signed a multinational free trade agreement.

According to the reasons for the creation of Cosena, NAFTA opens the possibility of establishing more coordination among the police bodies of the three countries, a coordination that will go beyond the current isolated support and relations. One of the premises is not to attack organized crime in an isolated fashion. If it is a common problem, the organizations in charge of combating crime must maintain more relations.

Once the proposal — which will be forwarded soon to the Interior secretary — goes through Bucareli's customs, it will be forwarded to the Chamber of Deputies to be discussed and approved.

Cosena From the Inside

Cosena intends to have more operational duties. This is why it would replace Cisen by merging into it. Cisen's duties would be reduced to receiving analyses. INCD would disappear, and its duties would be transferred to Cosena and, to a lesser extend, to the PGR.

At the beginning, Cosena is expected to have 300 agents, among whom two or three operative cells would be formed. Three salary categories are expected for the agents: 7,000, 9,000, and 11,000 new pesos. The group chiefs and commanders will earn a higher salary.

Cosena's internal system would be similar to that of the Federal Security Directorate, because it would have three large domains: an internal sector, an internal and intelligence sector, and a counterintelligence sector. These three branches would carry out intelligence activities (information collection and processing), which would allow us to prevent internal and external social security risks.

Organized crime is placed in the external sector, because it is believed that the exchange among and participation

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of foreign intelligence bodies are vital to fight against multinational drug trafficking, gunrunning, and companies trafficking in white slavery.

Veracruz native Fernando Gutierrez Barrios, former Interior secretary and a person on whom the Presidency of the Republic recently requested a report from the Comptroller General Secretariat, is one of the main candidates for the position of chief of Cosena's operations area. Gutierrez is President Zedillo's personal adviser on political and national security matters.

Education Secretary Miguel Limon Rojas and Generals Mario Arturo Acosta Chaparro and Humberto Quiroz Hermosillo, who recently returned to Mexico from a course he was taking in Israel, are also vying for the post. In addition, Javier Garcia Paniagua, former director of the Federal Security Directorate and former PRI [Institutional Revolutionary Party] leader, and governors Manlio Fabio Beltrones and Jorge Carrillo Olea are included on the list of candidates.

Marco Antonio Bernal, chief of the government delegation participating in the negotiations with the Zapatist National Liberation Army (EZLN); Luis Fernando Aguilar; Fernando Solis Camara; and Esteban Moctezuma Barragan are included on the roster of candidates close to President Zedillo. Arsenio Farel Cubillas is also a likely candidate. For the legislative branch, the list includes Dionisio Perez Jacome and Luis Garfias. Manuel Nassar Haro would be excluded due to his police record.

However, even though some of these people may not be chosen to head Cosena, they may be in charge of some of its actions.

Government Regrets U.S. House Vote on Cuba Bill

PA2209042395 Mexico City NOTIMEX in Spanish 0257 GMT 22 Sep 95

[FBIS Translated Text] Mexico City, 22 Sep (NOTIMEX) — The Mexican Government today expressed its regret over the U.S. House of Representatives' giving the green light to the Cuban Liberty and Democratic Solidarity Act.

The Mexican Foreign Secretariat issued a communique stating that this bill violates international norms and ignores "the majority tendency in the international community, which has firmly condemned the economic embargo imposed on Cuba."

"This bill's scope is unacceptable from the viewpoint of international law because it seeks to enforce internal U.S. regulations beyond U.S. borders," the Mexican Foreign Secretariat stated.

Mexico also criticized the decision to "submit to local jurisdiction controversies resulting from an action carried out by governments, enterprises, and individuals in other states."

The Foreign Secretariat recalled: "In April 1995, the Mexican Government expressed, in a diplomatic note to the U.S. State Department and in a note from the Mexican ambassador to members of both chambers of the U.S. Congress, its concern over the original text of the initiative." It added: The proposal "violates international provisions such as the UN Charter and the 1970 Declaration of International Legal Principles Regarding Relations of Friendship and Cooperation Among States." The Mexican Foreign Secretariat emphasized that the proposal for a law against Cuba undergoing the approval process also "counters the goals of the North American Free Trade Agreement and WTO norms."

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Nicaragua

Negotiations To Repurchase Commercial Debt Begin

PA2109212395 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 19 Sep 95

[From the "National Newscast"]

[FBIS Translated Text] Nicaragua has begun the second phase of negotiations to repurchase the commercial debt. The results of these negotiations will be announced in December. The basis for the repurchase will be $1.370 billion, an offer that, as of 15 September, involved 250 creditors who will have until 6 October to announce their decision to accept or reject this one-time offer made by Nicaragua.

[Begin Foreign Cooperation Minister Erwin Kruger] The price we offer is in line with the amount owed and the availability of funds. It is a sum agreed upon according to the sources of financing. It was not a unilateral decision by Nicaragua. Consequently, it is a fixed offer, there is no room for speculation. The offer is based on what the donors and the financial organizations want for the total debt, not for a part of it. Eight cents is the price, and it is a fixed price. [end recording]

The results of the operation will be announced on 28 December, a date when creditors will be paid in cash. Prior to that, the figures and the authenticity of the documents will be verified.

The opening of new credit by international commercial banks and a reduction in interest rates depend on the success of these negotiations. The operation has just been started and a counterproposal has not been ruled out based on previous experience.

According to officials in charge, the negotiations are being carried out very honestly by Price-Waterhouse and of a U.S. legal firm. These firms will supervise the operations, which are being carried out thanks to donations and soft loans from the international community totalling $109.5 million.

Charges Against Cerna in Plot To Kill Obando Denied

PA2109182395 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 19 Sep 95

[From "National Newscast"]

[FBIS Translated Text] Army Chief Joaquin Cuadra has ascertained that there are no legal grounds to accuse Lenin Cerna of ties in an alleged plot against Cardinal Miguel Obando y Bravo.

Cuadra said this afternoon that there are no charges against Cerna, following alleged accusations by Emilio Espinales in the case of the attack against Cardinal Obando.

[Begin Cuadra recording] There is no process of investigation against him. The Armed Forces do not begin a process of investigation unless there is a basis for it, but there are no legal grounds for it. As soon as there is such basis, if it ever exists, you can be certain that we will look into it. [end recording]

Cuadra made these statements after meeting with the National Assembly's Human Rights Commission on the submission of a bill creating a human rights prosecutor in Nicaragua.

The Army said it agrees with the creation of this prosecutor:

[Begin Cuadra recording] The Army, as an institution, is open to the prosecutor, to justice, and to any commission. In this case, when the figure of an ombudsman is created, we will back him fully. [end recording]

In addition, the police chief met with the same Assembly commission to discuss the role of police with regard to human rights.

Panama

Administration of Justice Strengthened in 1996 Budget

PA2109184195 Panama City Telemetro Television Network in Spanish 1730 GMT 21 Sep 95

[Report by Axel Rivera; from the "Telemetro Reports" newscast]

[FBIS Translated Text] The administration of justice will be one of the public sectors that will be strengthened with the 1996 budget. According to Carlos Vallarino, acting planning and economic policy minister, the budgets for the various institutions have not been cut, but slightly increased.

In view of the criticisms by public sector authorities because of the limitations in the budget for 1996, the acting planning and economic policy minister said that in comparison to last year, the budgets of the various institutions show a slight increase. According to the Planning Ministry, next year's budget will reach $4.7 billion, of which $980 million will be allocated for public investments.

[Begin Vallarino recording] The budget bill contains the considerations of each one of the institutions. On certain occasions, they have requested up to three times the figure assigned to them in the previous year. We are talking about a 300-percent increase in many cases.

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When these requests are made, the planning minister combines the figures, and immediately explains to them that we have income limitations. [end recording]

The acting minister said that one of the sectors that will be strengthened the most will be the administration of justice, especially the Attorney General's Office with the creation of four new prosecutor's offices.

[Begin Vallarino recording] We have emphasized the fight against money laundering and drug trafficking by creating a new narcotics prosecutor's office. We are also creating a new prosecutor's office in San Miguelito, two in the Indian regions, and one in the central provinces. [end recording]

The education and housing sectors, with the construction of multi-family housing units, will also be strengthened.

The new budget includes funds for the creation of labor courts as part of the implementation of the labor code. Finally, a budget allocation will be made for the conclusion of the San Miguelito Hospital.

[Begin Vallarino recording] There are no budget cuts, there is a budget increase. We have cuts when the approved budget exists, and it is cut. If the budget is not even approved yet, we cannot talk about cuts. [end recording]

The amount of foreign credit to finance infrastructure projects has not yet been revealed, however, the funds will come from the Inter-American Development Bank and the World Bank.

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Argentina

Menem Assesses Importance, Implications of Accord With UK

PY2209003495 Buenos Aires LA NACION in Spanish 21 Sep 95 p 7

[Article by President Carlos Menem: "Malvinas: One Step Closer"]

[FBIS Translated Text] The Argentine Republic has since the reestablishment of democracy opted for the path of international cooperation and for the peaceful settlement of international controversies, without prejudice to the unswerving defense and promotion of its domestic interests. This has enabled us to find a place in the community of nations that share these objectives and that are among the most developed in the world from an economic, social, and political standpoint. This attitude also resulted in a sensible improvement in the Argentine image abroad, thereby reinforcing the efforts we are making to consolidate the democratic system of government, and social and economic development.

The resumption of diplomatic relations with the United Kingdom in 1990 — which was one of the first actions of my administration — was undertaken with the same constructive spirit. It enabled us to overcome obstacles in the change in the course of our foreign policy we were about to implement and to initiate a flow of investments, trade, and cooperation with Great Britain, one of the leading members of the EU.

The normalization of relations between Argentina and the United Kingdom did not affect in the least our legitimate sovereign rights over the Malvinas Islands, South Georgia Island, and South Sandwich Islands, as was expressly established by both parties when reaching "the sovereignty umbrella" agreement that safeguards our claims to those islands and their territorial waters.

The friendly ties binding us to the United Kingdom made it possible to tackle in a civilized manner a difficult negotiation pertaining to prospecting for and exploitation of hydrocarbons in the waters around the Malvinas Islands, over which there is a sovereignty dispute acknowledged by the United Nations and other international organizations, and now once again by Great Britain.

Our objective was to prevent the United Kingdom from undertaking those ventures unilaterally, thus compromising a non-renewable resource our country considers its own. Current agreements between both parties on fish conservation, which are renewable resources, proved insufficient.

Three Years of Negotiations

We expect to consummate an agreement by the end of September on negotiations that have been going on for more than three years. The unyielding position of our negotiators was based on two central premises:

- The outcome of these negotiations could not compromise in the least our country's sovereign rights to the area under contention;

- Argentina had to derive economic benefits from the prospecting for and tapping of hydrocarbons in the contested area, not only through the participation of firms established in our country but also by collecting royalties commensurate with the area to be prospected and the volume of hydrocarbons to be extracted.

The agreement reached — which will be announced through a joint declaration, but which requires congressional approval for the enactment of legislation that will make it effective — meets the foregoing requirements. This cooperation agreement will not in any way be to the disadvantage of Argentina's legitimate sovereign rights over the islands, as it has been expressly decided to deprive it of any effect on both parties' claims. Among other benefits, this agreement ensures the participation of a considerable number of companies established in Argentina in prospecting and, if hydrocarbons are found, there are excellent prospects for the development of Patagonia.

Mixed Commission

The accord includes both a "sovereignty umbrella" specifically applicable to the activities that will be developed, and it represents important progress because our sovereignty rights will have a real and practical expression in the cooperation system. Argentina, in its capacity as party to the mixed commission that will operate in those areas over which there is a sovereignty dispute, will monitor the protection of the marine environment, have a say in security, health, and supervision matters, participate in "joint ventures", joint schemes, and inform itself of commercial activities.

The Argentine Government will be in a position to control the collection of royalties to be collected from all firms operating in the areas under dispute, which will be liable to severe sanctions if they fail to do so. The collection of these royalties for prospecting and exploitation in disputed and cooperation zones represents the first material revenue our country will receive from those territories in 162 years; that is from the moment in which the Malvinas Islands ceased to be under Argentine dominion.

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The status quo — which currently only benefits the United Kingdom — is therefore changed. We are very well aware that this is not a light at the end of the tunnel. We also know that the best way not to obtain anything is by asking for everything at once. This is why we do not consider that, with this accord, we have breasted the tape. It is just a step in the right direction that constitutes a starting point for achieving greater cooperation and for initiating negotiations on all subjects linked to the Malvinas Islands.

I am convinced that the Argentine people, who have proved their complete maturity in the face of major foreign policy issues, will value this agreement as an option to further the interests of our nation by peaceful means and international cooperation.

Di Tella: Accord 'Great Success,' No Sovereignty Cession

PY2109214295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2001 GMT 21 Sep 95

[FBIS Translated Text] Buenos Aires, 21 Sep (NA) — Foreign Minister Guido Di Tella asserted today that the agreement between Argentina and the United Kingdom on oil exploitation in the waters around the Malvinas Islands "is a great success." He added: "The cordial relations existing between us are thus further enhanced and harmonized."

Di Tella, speaking on a local radio, said: "We consider the agreement a great success that marks a qualitative change in bilateral relations. We hope it will result in an increasingly fruitful relationship."

The foreign minister stressed that "level-headed people consider the agreement a major step forward, a great victory." He pointed out: "New possibilities for discussion will now be open for all sorts of subjects, something which is quite positive."

Di Tella stated that Congress "will have a say in the overall agreement." He confirmed that the agreement "will be made public" in the United States on 27 September.

The foreign minister did not rule out the possibility that President Carlos Menem will meet UK Prime Minister John Major in October, although he added that "nothing has yet been decided."

Di Tella underlined: "No arrangements whatsoever have yet been made, but it will happen in the course of time. It is totally absurd that two countries that have good relations and that have reached agreement on thorny issues should not meet."

He explained: "Some sectors criticize the UK Government on the grounds that it has surrendered" adding that "here, in Argentina, some members of the opposition say exactly the same thing."

The foreign minister argued that "the British have made it clear that the agreement does not imply a surrender of sovereignty and, formally speaking, they are right. We have not denied that either, but it is a fact that the agreement opens up possibilities for further talks."

Malaysian King Arrives in Buenos Aires on Visit

BK2109134695 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 21 Sep 95

[FBIS Translated Text] The Yang DiPertuan Agung [paramount ruler] Tuanku Ja'far and Queen Tuanku Najihah, and accompanying Malaysian delegation, are currently in Argentina on a four-day visit. This visit is the first leg of their 12-day tour to three South American countries.

The royal entourage arrived at the (Ajiza) International Airport in Buenos Aires at 3:00 PM. The royal entourage was welcomed by Mr. Guido Di Tella, the Argentinian minister for foreign relations, international trade, and worship.

Their majesties were later flown by helicopter to (Aeropak) Air Force airbase for a ceremonial welcome. Upon arrival at the airbase, their majesties and delegation were given a 21-gun salute and 119 Argentinian Air Force and Navy personnel marched by.

The Malaysian ambassador to Argentina, Datuk Marzuki Muhammed Noor, high-ranking government officials, and other foreign envoys were on hand to welcome the royal entourage.

Accompanying their majesties are Agriculture Minister Datuk Amar Suleiman Daud and Datin Naemah Haji Hasbi.

The Buenos Aires City Mayor, (Georges Manuel Dominguez) presented a key to the city to King Ja'afar as a welcoming gesture to the Malaysian king on his first visit to Argentina. Their majesties will stay at the (Avia) Palace Hotel in Buenos Aires.

Bolivia

Sanchez de Lozada on Privatization, Coca Eradication

PY2109230895 La Paz PRESENCIA in Spanish 16 Sep 95 p 1

[FBIS Translated Excerpt] Cochabamba (PRESENCIA) — President Gonzalo Sanchez de Lozada yesterday

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cautioned that if the Bolivian Government Oil Deposits (YPFB) Company is not privatized, "it will be the end of Bolivia."

The president announced that he would talk to ADN [Nationalist Democratic Action] head Hugo Banzer Suarez and listen to his criteria on the YPFB privatization process. The president said that, like everything else, the process can always be improved, but the YPFB privatization "is vital." He said: "Without privatization, there will be no gas pipeline, and without a gas pipeline, Bolivia will continue to be very poor with problems that will gradually increase and will not be resolved."

The president noted that Banzer Suarez "failed to construct the gas pipeline because he was afraid and was unwilling to take a positive attitude." Sanchez de Lozada said: "If we do not implement privatizations, the gas pipeline will not be constructed and it will be the end of Bolivia."

With regard to the coca issue, Sanchez de Lozada emphasized that he would use compulsive means to comply with the eradication of new coca crops and seedbeds, if coca growers fail to comply with the agreements on this issue.

The president hopes the peasants will be reasonable and honor their commitment peacefully and coordinately. He said: "I hope they will not force the government to consider violent operations. God willing, no one will be killed. I believe it is important for everyone to sit down at the negotiating table. Even more important, it is for everyone to comply with the current agreements."

In Sanchez de Lozada's opinion, government actions are being favorably viewed abroad. He emphasized: "This is because we are abiding by the law. Here we have to do things fairly. We are not pleased with having to use compulsive means. I believe operations already are being prepared in Chapare and this is worrisome. The people are very afraid of what may happen." [passage omitted]

Ministers Return From U.S. Drug Negotiations

PY2209025495 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 21 Sep 95

[FBIS Translated Text] The United States will increase the resource for the fight against drug trafficking if the government complies, in any way, with the eradication of coca plantations.

This is the result of the negotiations that the foreign minister and the government minister obtained in Washington, where they met with high-ranking officials of the Clinton administration.

The foreign minister said they were able to convince the North Americans to ease up a bit on the required eradication goals that were programmed for this year.

The documents contain figures, and Aranibar was asked how much this new U.S. aid will amount to. Partial, he said

[Begin Aranibar recording] There is an amount in principle, but I will not reveal it until it is made effective. There is no firm commitment regarding the amount, but a sum was established in principle that would satisfy the aspirations of both the United States and Bolivia. [end recording]

So, how much is it really? Your guess is as good as mine!

One must just guess, right?

The foreign minister said the destruction of new coca plantations is the mother of all battles, especially the eradication of seedbeds, which will be eradicated by force.

[Begin Aranibar recording] The key lies in the seedbeds. The Bolivian Government's decision to apply the law regarding the non-existence of seedbeds, the illegality of seedbeds, is crucial. Seedbeds are the key to new plantations. Seedbeds involve a process of preparation of the coca plant, which goes from the seed to a small plant. This takes a year. [end recording]

The United States promised $13 million toward our 1995 balance of payments, and more than $20 million for alternative development.

It seems someone is even more stingy than Donald Duck's uncle, because at first not a cent was received, then a little more was disbursed. So, even the United States tampers with aid for the fight against drug trafficking!

Brazil

Cardoso Visits Frankfurt; Message to Malan Noted

PY2109010195 Rio de Janeiro JORNAL DO BRASIL in Portuguese 19 Sep 95 p 1

[FBIS Translated Text] In his opening speech at a seminar on privatization held in Frankfurt on the first day of his visit to Germany, President Fernando Henrique Cardoso conveyed a message to Finance Minister Pedro Malan, who was sitting beside him. Cardoso said: "Contrary to what many people say, I believe that a finance minister must speak a great deal." Known for his inclination to keep a low profile and to adopt a technical approach to his work, Malan has tried to change in

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recent weeks, his aides said. Yet, Malan seems to be far from reaching the ideal model advocated by the president. Cardoso added: "On certain occasions, we must use politics rather than technical skills to implement an economic policy. To obtain the people's support, one must not only persuade them, but also keep them interested." Using a straightforward tone to address 150 businessmen, Cardoso said: "I have not come here to ask you to sacrifice yourselves. Rather, I have come here to invite you to succeed." He added that he would like them to make "a socially useful investment."

Cardoso's Defense of Finance Minister Malan Viewed

PY2109193495 Rio de Janeiro O GLOBO in Portuguese 19 Sep 95 p 2

[From Tereza Cruvinel's "Political Panorama" column]

[FBIS Translated Text] During that pleasant Sunday President Fernando Henrique spent in Bruges, Belgium, he deemed it necessary to stress his support for Finance Minister Pedro Malan in order to counterbalance rumors of the formation of a group that opposes Malan within the Brazilian administration. Some aides in Brazil think the president merely accentuated a situation that was no more than a distortion of an internal debate within the administration. The aides who are attributed with plotting against Malan claim there is concern over the lack of action by the Central Bank and the finance ministry over interest rates. Before departing for Europe, Cardoso discussed the problem with other aides and left the impression that upon his return he would more emphatically demand measures on the subject. Communications Minister Sergio Motta is one of those who do not hide their irritation over the financial bureaucracy that administers the interest rate policy without concern for the rest.

Although the much needed cooling of the economy reached its peak in August, interest rates continued to climb. Over the past two months this caused an increase in the public debt of $20 billion, a colossal cost for the government, according to those who agree with Motta's frankness. High interest rates, which seek to discourage consumption, attract foreign capitals that in turn are transformed into reserves. Since every dollar must be exchanged for a real, this generates an accumulative impact on the debt. It eats up at night everything the government saved during the day through expenditure cuts. A public debt growing at such pace also creates difficulties for the privatization process. One such argument is that if the Vale do Rio Doce company is privatized, the product of its sale could be eaten up in a second by the public debt. On a smaller scale there is great concern over unemployment, but no one thinks that unemployment situation will explode, as the FIESP [Sao Paulo Sate Federation of Industries] wants to make us believe.

The government officials who are worried with this subject expect Cardoso to energetically deal with the problem upon his return. Other officials, however, remind us that this is not his style. He demanded solutions for the agricultural problem within a reasonable period of time, and he did not obtain results. He also demanded solution for the debts of the states. And do not even mention the time the Central Bank took to intervene in the Economico Bank.

Government Implements Antidumping Measures

PY2209024095 Sao Paulo GAZETA MERCANTIL in Portuguese 13 Sep 95 p A3

[Article by Livia Ferrari from Rio de Janeiro; "antidumping" and "dumping" are rendered in English throughout the article]

[FBIS Translated Text] The Foreign Trade Secretariat (Secex) intends to implement a new trade defense mechanism. The mechanism consists of a certificate of origin for the merchandise that is imported by Brazil and that is subject to an antidumping investigation or that already has an established compensatory right. The objective of the measure is to prevent the export of that merchandise by another country through an official document that proves the country of origin in which the merchandise is manufactured.

The mechanism will be implemented at the request of Brazilian businessmen, who allege that despite the surtaxes that are in force, certain products continue to be imported with normal quotas through other countries in a real "tour" of merchandise. One of the most detected cases is that of the migration of Chinese products (that are subject to investigation or that already have an established antidumping label) to Hong Kong, from where they are exported as products manufactured in that country. In other words, Hong Kong figures on the bill of lading (GI) or on the import declaration (DI) as the country of origin or as the country that manufactured the product. "That practice is increasing, and it was the cause of a specific meeting at the Sao Paulo State Federation of Industries (FIESP)," Benedito de Sanctis Pires de Almeida, chief of the trade department of the organization, stressed.

A typical case in this respect involves Brazilian imports of fans from China. Despite the antidumping label of up to 96.58 percent that was established in April 1995, the product, according to Antonio Fernando Bessa, the director of Arno [a producer of household appliances],

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is entering Brazil as though it was merchandise from Uruguay. Thus it is benefited with 100 percent preferential treatment. "It is a case of fiscal fraud," he said, and he has already submitted an accusation to the federal revenue secretariat. Bessa estimates that some 200,000 Chinese fans have entered the country illegally, with an estimated value of $1.5 million FOB.

Antidumping, or antisubsidy, safeguard measures were discussed on 12 September by the trade defense committee of the Brazilian Foreign Trade Association (AEB) during a meeting with Armando Meziat, a representative of the Secex.

According to Meziat, the government also intends to implement mechanisms that will minimize the risks of the Brazilian importer.

The businessmen who participated in the meeting criticized certain articles of the new code of antidumping measures, which was published in the official bulletin on 24 August. The business sector points out that one of the most polemical points is paragraph 3 of article 64 of the new law. This paragraph establishes that under exceptional circumstances, even if it has been proven that there was a case of dumping and harm was incurred by a businessman as a result, the government can decide, for reasons of national interest, to suspend the surcharge assessed as a penalty for dumping, or charge a sum or figure different than the amount recommended.

Administration Urges Approval of Patent Bill

PY2109231395 Sao Paulo AGENCIA ESTADO in Portuguese 1353 GMT 21 Sep 95

[FBIS Translated Text] Brasilia, 21 (AE) — It appears the special meeting of the Senate Economic Affairs Committee [CAE] to discuss modifications and observations to the report on the patents bill was postponed at the administration's request. It seems Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo State), the government bloc leader in the Senate, went to see CAE Chairman Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party- Amazonas State] on the evening on 20 September to ask that the meeting be postponed until 26 or 27 September.

Members of the CAE believe the administration is afraid that the bill will be modified through the approval of several amendments, especially those related to the pipeline issue (retroactive recognition of patents), and to the patenting of microorganisms.

Senator Fernando Bezerra (PMDB-RN [Rio Grande do Norte State]), wants to standardize the patenting of microorganisms, but several lawmakers want to establish restrictions. The government bloc leaders' strategy is to postpone the meeting of the CAE until President Fernando Henrique Cardoso returns (on 22 September) and can pressure senators into approving Bezerra's bill as is.

The president has also threatened to issue a provisional measure to break the deadlock. The PMDB, the PDT [Democratic Labor Party], and the PT [Workers Party] are backing the bill of Senator Ney Suassuna (PMDB-PA [Paraiba State]) who was the rapporteur of the patents bill in the Constitution and Justice Committee. The PSDB [Brazilian Social Democracy Party] and the PFL blocs are divided over this issue.

Aeronautics Group Dismisses 1,700 After Privatization

PY2109180295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Sep 95 p A17

[FBIS Translated Text] The purchase of Embraer [Brazilian Aeronautics Company] by the Previ [Bank of Brazil] and the Sistel (Telebras) [Brazilian Telecommunications, Inc.] pension funds, has shown for the first time the capitalist side of the PT [Workers Party] and the CUT [Sole Workers Center]. On 7 June, the new Embraer administrative council, which now includes representatives of the pension funds, dismissed 1,700 employees.

The dismissal of personnel did not cause a reaction among the groups that oppose privatization. Not even the Sao Jose dos Campos Metalworkers Union, which is well-known for its radical positions, has demonstrated against the dismissals. That would have been quite uncommon in previous occasions.

Sao Jose dos Campos' recent history has been marked by movements opposing the privatization of Embraer. Under the leadership of the PT, a large part of the city has opposed the privatization action. At the time, a committee was formed in the county to defend Embraer and oppose its privatization. The committee united leftist parties and labor unions.

The movement then sponsored a series of debates against the federal government privatization policy. In one of the meetings, former Deputy Aloizio Mercadante (PT-SP) [PT-Sao Paulo] allegedly presented his proposal to take over the state-owned companies through the pension funds. This new option raised more doubts than suspicions at the beginning. In the last few days, O ESTADO tried to contact Mercadante to ask him about the issue, but he could not be found.

From the day of the dismissals on, reactions against privatization have not been as eloquent as before. The Metalworkers Union has lost most of its members to the

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PT Articulation faction, which is the moderate faction of the PT that now congregates most of the party's members. For a long time, the Metalworkers Union was controlled by former Socialist Convergency, which has been transformed into a party, the United Socialist Workers Party. The Sao Jose dos Campos municipality has had direct participation in the process and succeeded in defining a softer policy with the entrepreneurs.

In this new phase, Embraer stopped being the target of the union leaders. While still a state-owned company, Embraer faced the largest strike movements in the history of the Brazilian aerospace industry. Negotiations are now being conducted between the strike movements and the boards of the pension funds. One month ago, former PT President Luis Inacio Lula da Silva visited the Embraer facilities for the first time and was very much interested in learning about the dimension of the company's financial crisis.

Angra-2 Nuclear Plant Construction To Resume in Jan

PY2109150495 Rio de Janeiro O GLOBO in Portuguese 16 Sep 95 p 27

[FBIS Translated Text] The Furnas Electric Power Plants, Inc. [Furnas] will resume the construction of the Angra-2 nuclear plant in Angra dos Reis, in Rio de Janeiro State, in January 1996. The construction was suspended 10 years ago. Furnas President Laercio Simoes Machado reported that on 15 September and explained that $460 million will be invested in the plant next year.

He also reported that next month, the company that wins the bidding will assemble the plant equipment. The cost of the assembly work totals an estimated $180 million. The assembly work will begin in January. The Furnas president believes that the assembly work will result in the creation of nearly 1,000 direct jobs and 500 indirect ones.

The construction of the Angra-2 plant began in 1979 and has already cost $4.6 billion. To conclude the work, $1.4 billion more will be required. Machado pointed out that the plant is scheduled to go into operation in 1999 and that its functioning is fundamental to meet the increasing energy demand in the region, particularly in Rio de Janeiro.

Changes in Inculcation of Military Doctrine Viewed

PY2109143795 Sao Paulo ISTOE in Portuguese 6 Sep 95 pp 26, 27

[Article by Helio Contreiras]

[FBIS Translated Text] Can the unrest in the military that President Fernando Henrique Cardoso has had to face in the last two weeks be considered the echo of "exalted" voices that "are melancholic about the past"? Can it also be considered an exception in the military scenario? Yes, on both counts. Will there be any more problems? No one can guarantee that. What happens is that, although the military rules forbid the members of the area to talk about politics, the Brazilian military personnel are really interested in the subject. In the difficult days of the strong military dictatorship, officers formulated the Armed Forces doctrine in the War College (ESG) which — since General Castello Branco and General Golbery do Couto e Silva sought the theoretical basis for the 1964 military coup there — has been known among the military as the "Sorbonne." Currently, however, the ESG and its doctrine based on the twofold principle of security and development, which has been stimulating political conflicts in barracks for the last 30 years, is no longer popular. The current fashion among the Army officers is to train their political minds in the Army School of Command and General Staff (Eceme), which is located at Vermelha beach, Rio de Janeiro. The address of a similar institution for Navy officers is the Naval War College. The Air Force officers get this sort of training at the Aeronautics School of Command and General Staff.

Eceme is the center that inculcates the Brazilian military doctrine currently adopted by the Armed Forces. Every year, colonels personally chosen by the Army minister attend a course on Army Politics, Strategy, and High Administration (Politica, Estrategia e Alta Administracao do Exercito) in the Eceme auditorium. During the course, the officers listen to leftist theoreticians, such as economist Paul Singer of the PT [Workers Party]; of the center-left, such as Aspasia Camargo of the Brazilian Social Democracy Party, and of the right, such as Federal Deputy Francisco Dornelles, (Progressive Renewal Party-Rio de Janeiro). In the Eceme, there is also space for people such as Senator Roberto Freire (People's Socialist Party-Pernambuco) and Deputy Jose Genoino (PT-Sao Paulo). Former Finance Minister Mario Henrique Simonsen, as well as Paul Singer, has already been applauded by the colonels. Deputy Roberto Campos' neo-liberal theses, however, have caused a cool reaction among the future generals. Eceme Commander General Luiz Edmundo Montedonio Rego has asserted to ISTOE

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that the institution "rejects dogmas and adopts a pedagogy outside the party."

From this viewpoint, the Eceme seeks to keep away from the ESG, which has disseminated in the Armed Forces the U.S. doctrine formulated after World War II. This doctrine emphasized theses that are as controversial as they are famous. An example is the "internal enemy" thesis, which refers to students, union leaders, leftist militants, and opposers of the regime in general. Based on this doctrine, the military built in the 1960's and 1970's was a somber and violent apparatus for political repression. At that time the Eceme magazine, DEFESA NACIONAL, adopted this same doctrine. Currently, however, while the ESG adopts "doctrinaire principles" similar to those in force then, its "competitor" seeks to adopt a political-ideological orientation as light as possible. However, some colonels who attend the Eceme courses do not refuse to consider what it would be like to return to power.

One of them, who has been consulted by ISTOE, pointed out that a new military regime would have more specialized cadres. "Here, we are taught political science, economy, science and technology, international relations, national situation, and global strategy. Colonels of those days were not taught these subjects," a future general, who asked not to be identified, said. "It is true that the training is more complete, but it has no political characteristics," Colonel Luiz Henrique Pires, an officer of the Eceme's Doctrine Section, emphasized. "Nowadays, to begin with, we would not allow any colonel to have a political discourse," he said. The Armed Forces would not allow an officer to repeat what General Costa e Silva said in 1967: "The Army is our political party." The movements of the retired officers hinder this effort to professionalize the Armed Forces and to free the institution from ideological ties. In the Military Club, the Navy Club, and the Aeronautics Club — all of them in Rio de Janeiro — the bill contemplating the payment of compensation to the families of missing political prisoners has rekindled melancholic feelings about the past. The current reactions, however, did not have the repercussion the "hard" military factions wished for, and did not comply either with their objective of making the government go back on its decision to pay compensation to the victims of the 1964 regime dungeons. On the contrary, the day after the Armed Forces clubs published the "Message to the Nation," President Cardoso admitted — on Monday the 28 of August — the administration's responsibility in the cases of torture, murder, and disappearance of political prisoners during the 1970's. It thus became very clear that the Armed Forces clubs no longer have the influence they did in the past.

Commentary Compares Mercosur, NAFTA Talks With EU

PY2109221595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Sep 95 p A3

[From the Notes and Information Page: "Mercosur and the EU"]

[FBIS Translated Text] Irrespective of the impressions about the ease with which President Fernando Henrique Cardoso discussed difficult social issues before an European Parliament commission, the truly important issue about this visit to Belgium is the impulse given to the regional integration process between Mercosur [Common Market of the South] and the EU. As a result of this visit, a framework agreement will be drafted and probably signed in Madrid in December. This agreement will set the framework for subsequent negotiations for specific agreements to allow the integration of the two economic blocs. Less optimistic estimates state that interregional integration will be achieved within five years through the establishment of a free trade area. More enthusiastic officials estimate that everything will be completed within four years. It is not really important if it takes four or five years. In the end, integration between the two blocs will rely on Europe's ability to conduct without much difficulty its expansion and advancement process — the inclusion of new members and the strengthening of economic and political integration. It will also rely on the ability of Mercosur countries to expand and consolidate their current structural economic reforms and to lure Chile, Venezuela, and Bolivia into the group. Each country will bring its own problems and requirements to the group.

The strengthening of ties between the two economic blocs will result in the establishment of a free trade zone unprecedented in history. For years, the EU has sought and promoted cooperation with those countries that share its borders and traditions. The agreements with East European and Magreb countries and the Lome Agreements have limited objectives and scope. In fact, through the solution of some economic issues, they sought to resolve and prevent social problems which, because of their proximity, would certainly have affected the EU.

The strategy is different with Mercosur. The fact that they are not adjoining regions, and the lack of ill will resulting from obligations ensuing from a recent colonial period, the EU and Mercosur are striving to strengthen ties only for economic reasons. Another issue to consider is that these two blocs are the only structured economic integration units that have been successful. The EU has become a common market over 40 years

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while Mercosur has become a customs union in five years. On the basis of this experience, therefore, if the current conditions prevail, it is expected that unity will only be achieved in the first two or three decades of the next century.

It is only natural for Mercosur to seek rapprochement with the EU. In addition to sharing a common cultural background, EU countries are the most important trade partners and investors in the Mercosur region. Moreover, the EU has the undisputed tradition of seeking agreements among blocs, and this is in the interests of Mercosur countries.

The EU has clear advantages over NAFTA in this regard. NAFTA is developing at a slow pace. It is tied to a 15-year timetable that was undermined by the Mexican crisis. Following the incident that resulted from the Zedillo administration's strategy, the United States and Canada reinforced their security and precautionary measures in the admission process of new partners. In addition, the asymmetrical and dilatory nature of the process were powerful factors that discouraged candidates which previously saw NAFTA, and only NAFTA, as the only way to access economic complementation. Today, Chile, Venezuela and Argentina, for example, are much more reticent about joining NAFTA than one year ago. Furthermore, NAFTA prefers to negotiate with individual countries rather than blocs. This attitude cannot be easily accepted by Mercosur countries, which have already experienced the advantages of teamwork. Nevertheless, this does not mean a rapprochement between the Southern Cone and the European Community is self-excluding or that it is a maneuver to isolate or neutralize the North American market. It merely seeks to take immediate advantage of existing specific opportunities which favor blocs and which in turn help to consolidate and proceed at a much faster speed than the emerging NAFTA.

It is worthy to mention that during his stay in Brussels, President Fernando Henrique Cardoso's discussions did not solely center on Brazilian issues but also on Mercosur issues. This delegation of authority is not only indicative of the confidence that Mercosur members have in Cardoso, but of the prominent role that Brazil can and should play in conducting Southern Cone community affairs.

Roundup of Economic Reports

PY2109234895

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 20 Sep.

Basic Leading Indicators

The Brazilian trade balance had a $328 million surplus in August. Exports reached a record $4.558 billion, 13.8 percent higher than in July. Imports totalled $4.230 billion, up by 5.7 percent compared with July. The accumulated balance this year, including August, shows a deficit of $3.937 billion. Exports to Asia increased by 10.22 percent in August as a result of aluminum and iron ore sales, particularly to Japan. (Brasilia Voz do Brasil Network in Portuguese 2200 GMT 20 Sep 95)

Addressing a seminar on the Brazil Cost on 15 September, multinational company executives said that it is still very difficult to convince multinational company stockholders to invest in Brazil because the cost of building a new factory there is 38 percent higher than building it in first world countries. Those attending the seminar said the main factors pushing up the Brazil Cost are the tax burden, personnel fringe benefits, and the precarious port and transportation infrastructure. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Sep 95 P B7)

Trade Issues

In the first half of 1995, Mexican exports to Brazil grew by 276 percent, to $480 million, while Brazilian exports to Mexico stood at $264 million — a drop of 50.5 percent compared with the first half of 1994, when the bilateral trade balance registered a surplus of $405 million for Brazil. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Sep 95 Section 2 p 4)

Mauricio Cortes, foreign trade secretary of the ministry of industry, commerce, and tourism, estimates that in 1995 the commercial deficit will be about $2.4 billion. To promote exports the government will modify the export financing program, which will be opened to the exportation of durable consumer goods. The tariff equalization program, which provides most of the financial coverage, will be more flexible. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Sep 95 pp 1, A7)

Exports in August 1995 amounted to $4.558 billion, while imports amounted to about $4.2 billion, producing a trade surplus of some $300 million. So far in 1995, accumulated exports have reached $30.011 billion. These figures are included in a finance ministry report issued over the weekend. The report evaluates the real plan and estimates that the economy will grow by 5.1 percent this year. The report says the treasury registered a surplus of R15.9 billion between July 1994 and July 1995. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Sep 95 p A3)

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Germany, Brazil's main partner among EU countries, accounts for 5 percent of Brazilian international trade and for 17 percent of the total EU figure. In 1994, German exports to Brazil reached $2.05 billion. This is 13.3 percent higher than in 1993. In the first seven months of 1995, accumulated sales to the German market reached $1.199 billion, some 11.45 percent higher than in the same period in 1994. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Sep 95 Brazil-German Supplement p A1)

The Rio Doce Valley Company, CVRD, and ROK's Pohang Iron and Steel Company will build a new factory for producing iron ore balls in Tubarao, Santa Catarina. The partnership will invest $215 million in the factory which will produce 4 million tons of iron ore balls per year. Each partner will own 50 percent of the stock of the new undertaking. (Sao Paulo AGENCIA ESTADO in Portuguese 2307 GMT 20 Sep 95)

Second only to the United States, Germany is the main foreign investor in Brazil. Germany accounts for 12.42 percent of foreign investment in Brazil, which in December 1994 stood at $56.5 billion. At end of 1994, German investment and reinvestment in agriculture and in the processing industry stood at $7 billion. Over the past nine years, German investment in Brazil grew by less than $1 billion, because in 1985 it stood at $6.2 billion. In 1992, German direct investment in Brazil amounted to $9.4 billion, some 13 percent of direct foreign investment in our country which totalled $72.5 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Sep 95 Brazil-Germany Supplement p 4)

As of 1 October, the Brazilian Siemens branch will produce all Siemens power generators for hydroelectric power plants. The company will transfer, from Munich to Sao Paulo, its know-how on production strategy and supply. Siemens do Brasil will invest $15 million over the next 3 years. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Sep 95 p A1)

Commercial Visits, Overtures

Six Brazilian enterprises of the agroindustrial sector this week will make a commercial tour of eastern countries in search for partners, markets, and new investments. The trip is coordinated by the Brazilian Farm Industry Association. The enterprises are Cooperativa Central de Laticinios Parana Ltda, Frunorte, Cooxupe, Usina Santa Elisa, Agroceres, and Sadia. (Sao Paulo AGENCIA ESTADO in Portuguese 2105 GMT 15 Sep 95)

Financial Operations

The Brazilian government will be able to repurchase Brazilian foreign debt certificates as of October. This operation will be possible by paying in October the guarantee payments agreed upon in the debt restructuring process. The government will make a $277 million guarantee payment in October and will pay off, in advance, a $295 million guarantee that falls due in 1996. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Sep 95 p B1)

Saulo Coelho, the president of Minas Gerais Telecommunications Inc., Telemig, announced on 18 September the company will invest R2.3 billion over the next four years to improve and expand the conventional telephone and cellular networks. (Rio de Janeiro O GLOBO in Portuguese 19 Sep 95 p 21)

The Senate on 15 September authorized Sao Paulo State and the Rio de Janeiro prefecture to issue bonds to repay part of their domestic debt. Sao Paulo rescheduled two parcels of its R930 million debt: The first is worth R400 million and falls due on 15 September, the other is worth R530 million and falls due on 15 December. Sao Paulo has amortized 2 percent of its R12.9 billion domestic debt through bonds issued by the state government. A Rio de Janeiro debt parcel of R122.7 million will fall due at end of the year. The Senate authorized the rescheduling of the debt over five years. (Sao Paulo AGENCIA ESTADO 2113 GMT 15 Sep 95)

The stock market currency inflow registered a record high in August. In its Annex IV, the securities commission reported a currency inflow of $3.578 billion and an outflow of $2.090 billion. In August, the foreign investment balance was 3 percent higher than in July. Herewith the monthly foreign investment balance:

	In millions
July 94	$299.85
August	$130.9
September	$319.90
October	$23.81
November	$359.09
December	-$15.81
January 96	-$1,170.34
February	-$109.33
March	-$1,183.33
April	$126.90
May	$613.88
June	$121.81

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	in millions
July	$1,442.56
August	$1,487.37

(Rio de Janeiro O GLOBO 16 Sep 95 p 24)

Through a Finance Ministry resolution, the government has exempted from the Financial Operations Tax, IOF, loans obtained abroad with repayment periods longer than five years. The government also set a tax equivalent to 5, 4, 3, and 2 percent of the IOF, respectively, for loans to be repaid over a period of at least two, three, four, and five years, respectively. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 16 Sep 95 p 14)

Sao Paulo Governor Mario Covas has submitted a new proposal for repaying the Sao Paulo Government debt with Banespa, the state bank. Covas wants to repay 50 percent of the debt with real estate, and the remaining 50 percent in bonds payable in 20 years. (Sao Paulo AGENCIA ESTADO in Portuguese 2301 GMT 20 Sep 95)

Privatization

Elena Landau, National Bank for Social and Economic Development, BNDES, privatization department director, has said the government is determined to privatize the Rio Doce Valley Company. Landau said that the report the company submitted to the BNDES states that its investment capacity was exhausted and that only with privatization would the company be able to grow. (Rio de Janeiro O GLOBO in Portuguese 19 Sep P 24)

Chile

National Renewal Deputies Oppose Frei's Reform Proposals

PY2109193295 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 21 Sep 95

[FBIS Translated Text] Seventeen deputies of the National Renewal [RN] oppose the reform proposals made by President Eduardo Frei because they believe the reforms would create a political destabilization similar to the one under the government of the Popular Unity.

[Begin recording] [Unidentified reporter] In addition to the critical position taken by the RN senators on the reforms being debated in Congress, an important group of RN deputies headed by the group supporting leader Sergio Onofre Jarpa signed a document. The document says that the presidential reform proposals are jeopardizing democracy.

[RN Deputy Luis Valentin Ferrada] It seems to me that the reforms will not make the system more democratic. On the contrary, if the reforms are approved, they will expose the country to the same risks and dangers we experienced in the 1970's and which unfortunately led the country to a situation which no one who is responsible wants to see again.

[Reporter] Deputy Ferrada concluded by saying that he hopes the NR leadership headed by Andres Allamand will support this position. [end recording]

Colombia

Former Minister Admits Managing Funds in New York

PA2209050295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 22 Sep 95

[From the "QAP News" newscast]

[FBIS Translated Text] Chase Manhattan Bank sent a letter to former Defense Minister Fernando Botero yesterday confirming that Botero has no accounts there. However, "QAP News" has confirmed that the former defense minister and administrative director of President Ernesto Samper's presidential campaign did have a New York bank account from which he managed money for the presidential election campaign. Botero has admitted to having deposited campaign contributions into this account, having transferred those contributions to Panama, and having transferred them from there to trusted people — some campaign members who later donated to the presidential campaign. Botero admitted that this was how money was moved around.

Prosecutors report that the source of the $1 million in his New York bank account has yet to be determined. That money was turned into bonds and sent to the Bank of Colombia in Panama. The money left the Bank of Colombia in the form of cashier's checks worth 50 million and 80 million payable to: Pilar Leon, former adviser to the defense minister; Monica Guaqueta, vice consul in Boston; Barbara Vargas, former Defense Ministry adviser; Alberto Rueda Montenegro, a former Botero adviser; Jose Antonio Vargas Llera, private secretary in the Presidency; Leonaldo Carvajal, a Foreign Ministry official; Leonardo Garcia, an official of the Office of the Private Secretary of the Presidency; Marinel Londono Reyes, a Presidential Palace official; Luis Guillermo Vedes, former deputy defense minister; and Carlos Julio Lopez, Fernando Botero's driver. Although these people signed the checks and gave them to Samper's campaign, the prosecutors note that these contributions were not listed.

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The prosecutors consider that the campaign people managed the money in a singular, unusual, and suspicious way. They say that the existence of money with no accounting record was a convenient way for receiving money from any source.

After listening to the testimony of the persons involved in the campaign — Santiago Medina; Juan Manuel Avella; Fernando Corredor; Jorge Valencia; and Mauricio Montejo, a contractor — the prosecutors have said there is no doubt that the former minister designed and put to work all the administrative and accounting structures of the campaign and picked who would occupy the most important posts. This is what led up to Botero's arrest.

Some of the people who endorsed the checks have said they did so on orders from campaign director Fernando Botero and that they agreed because they were sure and are still sure that the money has no obscure origin.

The Constitutional Court today was tasked with deciding whether or not Santiago Medina must appear before the Chamber of Representatives' Accusations Commission. Medina's attorney today asked the Constitutional Court about this. The nation's prosecutor general appeared before the commission to make a statement. He met with Accusations Commission President Representative Heyne Mogollon for two hours. Santiago Medina insists he does not have to appear before the Accusations Commission. His attorney today formally asked the Constitutional Court to resolve the conflict and protect his client's rights:

[Begin Medina attorney recording] The idea is he does not have to appear before the Accusations Commission. The case went to Magistrate Hernando Herrera Vergara, who has already asked Commission President Heyne Mogollon for the documents on Santiago Medina's refusal to appear. [end recording]

Mogollon today took note in La Picota Prison of Gilberto Rodriguez' statement; tomorrow, he will hear Jose Santacruz' statement.

Meanwhile, another member of the Accusations Commission, Jaime Arango Pedraza, heard a statement by Prosecutor General Alfonso Valdivieso:

[Begin Valdivieso recording] I am being accused of having violated the records secrecy principle. [end recording]

This charge was filed by Attorney Humberto Londono, who believes the prosecutor should not have revealed during a news conference the names of the people involved in Case 8000.

The prosecutor gave no particular importance to his presence in the commission:

[Begin Valdivieso recording] This is completely normal. [end recording]

The prosecutor's investigator expects a verdict in 20 days.

Sarria Family Ties to Campaign Probed

95CA0382A Santa Fe de Bogota SEMANA in Spanish 5 Sep 95 pp 44-45

[Article: "Elizabeth de Sarria's Contribution"]

[FBIS Translated Text] Elizabeth Montoya de Sarria, a woman the country came to know a few weeks ago when a tape-recorded telephone conversation with incumbent President Ernesto Samper Pizano—dating back to February of last year when the latter was a candidate—came to light, contributed 32 million pesos in cash to the Samper campaign. This according to a memorandum dated 10 May 1994 and sent by the treasurer of the Samper campaign, Santiago Medina Serna, to the campaign's administrative director, Juan Manuel Avella.

In that memorandum, Medina informs Avella that "E. Montoya and Co. Investments, Inc. has made a donation of 32 million pesos in cash, which I have in my possession." The memorandum is one of several similar documents in which Medina reported to Avella contributions received by the Samper campaign.

SEMANA inquired about E. Montoya and Co. Investments, Ltd. with Chambers of Commerce in various cities, but found no such listing. However, the Chamber of Commerce of Cali certified that Montoya and Company Investments is indeed registered in its file under No. 294092. According to the record, the company belongs to Jesus Sarria Agredo and Elizabeth Montoya de Sarria and their children: Stephanie, Andrew Steve, and Lizje Ines Sarria Montoya. Sarria Agredo and his wife are also the company's titular manager and alternate. SEMANA confirmed with high-ranking sources in the Samper campaign that Medina's memorandum to Avella does in fact correspond to a contribution made by Mrs. Montoya de Sarria, although it is not clear whether she herself made a contribution, or whether the origin of the funds is the aforementioned family firm.

In the famous conversation with Samper, Elizabeth Montoya tries to arrange a meeting between the candidate and a group of persons apparently wishing to contribute money to the campaign.

A press release from the Office of the President just hours after the tape recording was made public denies

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that any financial contributions were made to the campaign as a result of the talks: "...nor, at any time, was there any offer of money from illicit activities. It was simply a routine request for a meeting made by known companies," companies which the Office of President did not identify.

It is possible, however, that the 32 million pesos reported in Medina's memorandum to Avella was not the only contribution from members of the Sarria Montoya family. Indeed, among the checks which the campaign received as contributions and which were endorsed and used to pay Radiodifusores Unidos [United Radiobroadcasters] for publicity are a number of manager's checks from the San Andres Islas branch of the State Bank [Banco del Estado]. Officials are trying to ascertain whether the order to draw the checks came from the Hotel Marazul, which was managed by Elizabeth Montoya de Sarria until only a few months ago.

In question are three cashier's checks for a total of 60 million pesos, all issued on 24 May 1994, just days before the first ballot of the presidential election. The first check, No. 1194615, is for 20 million pesos and is made out to John Barreto G. The second, No. 1194616, also for 20 million, is made out to Alexia Barreto G. The third is for the same amount and is made out to Jairo Ortiz.

SEMANA has learned that until only recently, Alexia and John Barreto were reportedly connected with the Hotel Marazul, which Elizabeth Montoya ceased managing several months ago. This periodical contacted the hotel's reception desk to inquire about them and was told by the receptionist that neither Alexia nor John Barreto was at the hotel. SEMANA asked whether they worked at or were connected with the hotel, but the reply was that they no longer worked there, having quit. Finally, the receptionist asked the SEMANA newsman who contacted the hotel whether he wished to leave a message so that, "If they call, I can give them a telephone number where they can reach you." Sandra Charry, Marazul's head of Human Resources, told SEMANA that Alexia and John Barreto "are not connected with the hotel," which seems to contradict what the receptionist said.

However, this is not the only clue linking the cashier's checks from the San Andres branch of the State Bank with businesses belonging to the Sarria Montoya famiy. A confidential document from security agencies which has been in the possession of SEMANA for months and which sums up government intelligence on Jesus Sarria indicates that the latter—or a company connected with the family—reportedly has an account with that branch bank, the source of the three cashier's checks totaling 60 million pesos contributed to the campaign. "Everything indicates a likely connection between the three checks and the Sarria Montoya family," SEMANA was told by one security agency source. On Friday morning, this periodical contacted Sarria's attorney, German Perez Ariza, to inquire about the matter. Perez responded that he would ask his client whether he or his wife had anything to do with the three checks from the San Andres branch of the State Bank. By the close of this edition, the attorney had not yet spoken with SEMANA.

A few weeks ago, a television newswoman with "24 Hours" landed an exclusive interview with Sarria. In his talk with reporter Darcy Quinn, Sarria presented documents from authorities in El Salvador and the United States exonerating him and his wife from accusations of alleged drug trafficking in those countries. The reporter asked him whether he or his family had contributed money to the campaign of the current president. Sarria answered: "The answer for me is totally negative. I have not contributed a nickel to the campaign." The newswoman then asked him whether his wife Elizabeth had done so: "My wife, some minimal amount, perhaps (...), but I doubt it, because we are not the kind of people who have ready cash to use for purposes that do not involve us." The results of investigations into revelations concerning these cash contributions and checks will make it possible to shed light on whether or not Sarria did actually contribute money to the campaign, or whether the 32 million in cash and 60 million in checks are the "very minimal" contribution made by Elizabeth Montoya to the Samper campaign to which her husband referred.

More on Ties

95CA0383A Santa Fe de Bogota EL TIEMPO in Spanish 4 Sep 95 pp 1, 6A

[Article in column "Investigative Unit" (UI): "Sarria's Employees Donated 40 Million Pesos to Campaign"]

[FBIS Translated Text] Roberto Prieto, manager of Radiodifusores Unidos [Radiobroadcasters United (RAU)], was stunned when Santiago Medina gave him seven cashier's checks for 225 million pesos and one for $70,000 as an initial payment on a debt which the Samper campaign had incurred for publicity.

It was seven o'clock on the night of 31 May 1994 when the meeting in Medina's office ended, and Prieto immediately went to his office in northern Bogota with the checks in his jacket pocket.

Weeks before, Prieto had tried to contact Fernando Botero to obtain payment of the 526 million which the

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presidential campaign owed him for radio spots carried by over 450 stations throughout the country.

At the time, however, the campaign was deep into the first ballot, and Botero's nonstop travel, speeches, and political meetings ruled out any meeting.

Even though they had never paid him with endorsed checks for work he had done for previous election campaigns, Prieto deposited the 225 million from the seven cashier's checks and the $56,000 check that Medina had given him, and promptly forgot about it.

What he did not know was that two of the cashier's checks (for 40 million pesos) which the campaign used to pay him were issued in San Andres and made payable to two employees of the Hotel Marazul owned by controversial businessman Jesus Sarria and then endorsed over to the campaign.

Nor did he know that the check from the Livestock Bank [Banco Ganadero] for $70,000 was a blank check written by Maria del Pilar Espinosa de Gnecco, wife of Jorge Gnecco, a controversial politician from the Coast.

The check, drawn on the Livestock Bank of Miami, was deposited in an account in Schroeder International Bank in that city after passing through the hands of three persons.

Drafts From the Island

At the end of May 1994, when the first ballot of the presidential campaign was barely underway, the two cashier's checks from San Andres for 40 million pesos ended up in the hands of campaign treasurer Santiago Medina.

The checks had been endorsed by Alexia Barreto Garcia, manager of the Hotel Marazul boutique, and her brother, Jihn [as published] Barreto Garcia, coordinator of maintenance and security at the same complex belonging to Sarria.

Only a few weeks before, despite the modest jobs they held at the hotel, the Barreto Garcias opened two accounts in the State Bank [Banco del Estado] in San Andres with two deposits of 140 million pesos.

The first check for 20 million, bearing No. 1194616, was made payable to Alexia Barreto on 24 May 1994. The second, bearing the next consecutive number, was made out to her brother, Jihn [as published] Barreto Garcia, on the same day and for the same amount.

A few days later, Medina would deliver these checks to Roberto Prieto as partial payment for the 526 million pesos which the campaign owed him for publicity.

Despite the fact that the two checks were not recorded in the official books, they do show up in Medina's accounting and in an internal campaign bulletin which the latter sent to Juan Manuel Avella during the first week of June last year.

While the two accounts in the San Andres bank branch remain active, there has been no movement whatsoever for approximately three months due to the fact that the brother and sister have left the island and no one at the hotel knows where they are.

The UI contacted the Hotel Marazul several times to ask about the Barreto Garcias, but the receptionists answered repeatedly that they had not worked at the hotel for several months and that they did not know why the two had left.

"Intersecting" Accounts

According to documents from one intelligence agency, Sarria also has an account the bank branch where the Garcia Barretos [as published] have theirs, the State Bank in San Andres.

The branch banks on which two other checks were drawn—checks used by Medina to pay for campaign advertising—are also banks where Sarria has accounts.

One of them, also affiliated with the Sate Bank, is in Cali. Its head office issued a cashier's check for 75 million pesos that ended up in the campaign treasury.

The check was made out to Alberto Henandez [as published] on 17 May 1994 and the restriction to pay to the first beneficiary had been lifted. This check is not on the official campaign books either.

In addition, Roberto Valencia, assistant manager of the San Andres bank branch who had been at the institution for over ten years, was suddenly fired a week ago Friday "because of the publication of a check in EL TIEMPO," one bank employee told UI.

Acting as the authorized official, this assistant manager was the person who had signed the two cashier's checks for 20 million in May of last year.

Appearing on the newscast "24 Hours" and making his only public statements, Jesus Sarria claimed "I did not give a nickel to Samper's campaign."

In that interview, Sarria also stated that his companies had bought a few cabins on the island and that the Garcia Barretos had lived in the rustic wooden residences until just before leaving the island.

Finally, a memorandum dated 10 May 1994 and sent to Juan Manual Avella, administrative director of the

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campaign, by former treasurer Medina, reveals a contribution of 32 million pesos reportedly made to the presidential campaign by Elizabeth Montoya de Sarria.

According to the document, the donation was made in the name of E. Montoya and Co. Investments, Ltd. before the first presidential ballot. In the memorandum, Medina states that the company "has made a contribution of 32 million pesos in cash, which I have in my possession."

Dollars to Domicile

In addition to the San Andres checks, Medina paid part of the money owed to the advertising firm with a check for $70,000 drawn on the Livestock Bank of Miami and written by Maria del Pilar Espinosa de Gnecco.

The maker of the check appeared for the first time in connection with "File 8000" on 28 July 1995. During his second unsworn statement made on that date, Santiago Medina named her as one of the campaign contributors.

"There is a check for $70,000 drawn on the Livestock Bank of Miami, written by Mrs. Maria del Pilar Espinosa de Ghecco," Medina said.

Even though the check was not recorded on the official campaign books, Medina lists it as income from the campaign in his personal records.

For his part, Espinosa de Gnecco told UI in his first telephone conversation that "the only donation the family made to Samper's campaign was to put the votes of my brother-in-law Lucas Gnecco in Cesar [as published]. I do have an account in the Livestock Bank, but I have never made out a check for $70,000 to Santiago Medina or Ernesto Samper."

Despite subsequent repeated telephone calls to his residence, office, and wife's cellular phone last week, UI was unable to communicate with Espinosa de Gnecco.

In order to clear up the matter of the checks, Roberto Prieto appeared before the Office of Prosecutor General for the purpose of turning over the respective documents and making his statement about the details of his company's connection with the campaign.

[Box, p 6A]

Millionaire Former Cop

Jesus Amado Sarria Agredo is a former policeman who in just seven years amassed a fortune amounting to 15 billion pesos, according to documents from one intelligence agency.

He is known to Interpol as the "Sorcerer of Antero" [Brujo de Antero] or "Chucho Sarria," and is mentioned in connection with a case involving 5.9 kilos of cocaine under investigation by Salvadoran authorities since 1993.

Even though he denies all charges—supported by two certificates issued by DAS [Administrative Department of Security] and the National Narcotics Directorate [DNE] stating that he has no criminal record—the DNE warned that the document issued by its offices is outdated and, furthermore, includes reports from only national agencies.

Sarria also attached a resolution from one Salvadoran legal authority making it clear that no ruling has yet been handed down on the narcotics trafficking case in which Sarria is implicated.

Among the properties owned by Sarria is the Hotel Marazul in San Andres, Lady Di Ranch (located in Cundinamarca and devoted to Paso Fino horse breeding), and a mansion in the luxurious Santa Ana residential area north of Bogota.

Ecuador

Finance Minister Removed; Former Minister Ordered Detained

PY2109163995 Madrid EFE in Spanish 1336 GMT 21 Sep 95

[FBIS Translated Text] Quito, 21 Sep (EFE) — Ecuadoran Finance Minister Mauricio Pinto was removed early this morning by Congress, while the Supreme Court ordered the detention of former Foreign Minister Diego Paredes for alleged embezzlement.

Pinto was accused by Deputies Oscar Celleri of the Ecuadoran Roldosist Party (PRE) and Antonio Posso of the Democratic People's Movement (MPD), who asserted that Pinto helped his father-in-law avoid paying taxes on one of his companies.

Posso also said that Pinto "hid" the real income of the state budget, that there are faults in the budget surplus accounts, and that a "nonexistent" fiscal deficit was "fabricated."

Pinto was also questioned on the closure of several branches of the Central Bank in the country to benefit private banks and for the diversion of about $17.2 million in war taxes, created to pay the costs of the undeclared war with Peru early this year to cover foreign debt payments.

Legislators of the governing Conservative Party also reported that the Supreme Court ordered the detention of former Foreign Minister Diego Paredes.

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Former Minister Charged With Corruption Goes Underground

PY2209005195 Madrid EFE in Spanish
2307 GMT 21 Sep 95

[FBIS Translated Text] Quito, 21 Sep (EFE) — Former Ecuadoran Foreign Minister Diego Paredes, who was dismissed by Congress one year ago for administrative crimes, said today he will defend himself from underground. Paredes said this after a warrant of arrest and imprisonment was issued against him. He is also charged with another alleged case of corruption.

In a cassette sent to various Quito radio stations, Paredes said: "Ecuadoran justice has failed once again and has violated my rights. Contrary to my courageous nature, because I have always assumed my responsibilities, I am forced to defend myself from underground."

Carlos Solorzano, president of the Supreme Court of Justice (CSJ), included Paredes in the trial against Vice President Alberto Dahik. He is charged with alleged embezzlement of discretionary funds of the vice presidency.

The former foreign minister is being investigated for his possible participation in an aborted purchase of a radio station with discretionary funds, a fact which he has denied and has led him to a verbal confrontation with the owner of the station.

The station has to return to the state $25,000 received as an advanced payment.

Paredes added: "There is no reliable documentation, the only thing is a proforma invoice without any legal value."

Vice President Dahik's private secretaries are also at large. They handled the vice presidency's discretionary funds in private bank accounts, and were expressly authorized by the vice president of the Republic who is legally authorized to do so.

In addition to the criminal trial, the vice president is undergoing impeachment. He is charged with bribery and betrayal of the fatherland which, beside the crime of "serious attacks against national honor," are the only constitutional causes under which deputies can try and, eventually, dismiss the president or vice president of the Republic.

The Supreme Court president also included in the case Mauricio Pinto, who until a few hours ago was finance minister. He is charged with concealing "vital information" on the amount of discretionary funds of the vice presidency.

Pinto was censured and dismissed at dawn today by the unicameral Congress which found him guilty of, among other charges, helping a company belonging to his father-in-law to evade taxes.

The police reiterated that they are searching for former foreign Minister Paredes and Dahik's secretaries, but without any luck so far.

Military Chief, Peruvian Commander Speak by Phone

PY2009184795 Madrid EFE in Spanish
0153 GMT 20 Sep 95

[FBIS Translated Text] Quito, 19 Sep (EFE) — General Carlos Calle, chief of the Ecuadoran forces in the Amazon region, described his first contact today with Peruvian General Luis Perez as "dialogue between gentlemen." Details of the conversation were not disclosed.

Gen. Calle, commander of the 4th Amazon Jungle Division, said his phone conversation with the Peruvian general was the first at that level since the undeclared war between the two countries from 26 January to 28 February 1995 in the unmarked Amazon border region.

He mentioned the "dialogue between gentlemen" during an interview with the local media, adding that it "proves the goodwill that prevails between the two countries to begin direct contact, which we hope will continue as established in the agreement reached between the two countries."

Gen. Calle said the dialogue was "important" because it was the first phone conversation with the chief of the Peruvian 6th Military Region. Gen. Calle added: "I hope the talks are honest."

He defined the conversation as a dialogue "between gentlemen, a courteous dialogue as it should be among people who are working on delicate issues with great responsibility that involve important objectives for the two countries."

Gen. Calle said this first contact is part of the follow-up of the procedures approved by the Ecuador-Peru Military Observers Mission (MOMEP II), which comprises Argentina, Brazil, Chile, and the United States as guarantors of the 1942 Treaty which established the border between the two countries.

The procedures of the MOMEP II, which was the issue discussed by the two military chiefs, established the direct contact and participation of Ecuadoran and Peruvian military officers in the control over the demilitarized zone in their common Amazon border region where the two countries are disputing an area along 78 km of unmarked border.

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Calle told Radio Quito that the phone conversation was made possible by Brazilian Rufino Dos Santos, the MOMEP II chief.

He also confirmed that a meeting between Ecuadoran and Peruvian military officers was recently held in Bagua, Peru, and that another meeting will probably be held in Bagua later this month.

Calle added that the meetings seek to review documents and to reactivate the "status quo" prevailing before the military conflict which allowed a "harmonic relationship" between the border military units.

Paraguay

President Orders Retirement of 3 Generals

PY2109190595 Asuncion ABC COLOR in Spanish 21 Sep 95 p 8

[FBIS Translated Test] Brigade General Jose Felix Pavon yesterday possibly became the first victim of Law 679/95 forbidding the participation of active duty military officers in political activities. The law says that all those who violate it must be retired from active duty. It was the commander in chief who ordered Pavon's retirement. Gen. Pavon had admitted to our reporters that he regularly went to the "Coffee Chamber" to participate in meetings with a group of people who worked for the Oviedo '98 [General Lino Cesar Oviedo] project [presidential campaign drive]. Division General Roosevelt Cesar Benitez and Brigade General Mario Barreto Aguero were also retired.

The official report says that Gen. Pavon concluded the period he can legally stay in his post at the Armed Forces. We must recall that he was still on active duty when he admitted working for the Oviedo '98 project. Article 4 of Law 679/95 adds to what is establish in Law 514 and both laws forbid the participation of active duty military and police officers in political activities. The law says: "Active duty members of the public forces who participate in political partisan activities will be sent into retirement. This penalty does not exclude other penalties established in other laws."

Gen. Pavon was previously the Second Corps chief of staff. On 15 September, he admitted to our reporters that he had participated in "Coffee Chamber" meetings with a group of political agents who are seeking to seat the Army commander in chief in the presidential seat. Pavon said that he had a meeting at the place that afternoon.

Division General Roosevelt Cesar Benitez requested his retirement last year. He was annoyed over his transfer from the Joint Staff. According to the official report, Brigade General Barreto Aguero also completed the legal period he can stay at the Armed Forces without a promotion and had to be retired. Benitez was the former commander of the Third Cavalry Division.

The commander in chief decided to keep Brigade Generals Carlos Alberto Ayala and Abelardo Vera Alarcon under military jurisdiction. Ayala has been operating as commander of the Fifth Infantry Division and Vera Alarcon as defense vice minister.

The future of Generals Ayala and Vera Alarcon will be decided by the Armed Forces promotions board at the end of this year.

Colorado Party Leaders Agree 'in Principle' To End Dispute

PY2109210095 Asuncion ABC COLOR in Spanish 21 Sep 95 p 2

[FBIS Translated Text] As a result of a meeting that lasted for more than two hours, President Juan Carlos Wasmosy; Luis Maria Argana; Blas N. Riquelme; [Vice President] Angel Roberto Seifart; and Eugenio Sanabria Cantero, [Colorado Party] board of directors chairman; agreed in principle to hold an ordinary party convention on 23 September. Nevertheless, they failed to reach agreement on the makeup of the Colorado Party Electoral Board. This latter point and the final touches to the agreement among the different factions will be discussed during another round of negotiations at Mburuvicha Roga [the presidential residence] this afternoon at 1700.

The failure to work out an overarching agreement proves there is still dissension among Colorado Party leaders, apparently on account of those who will sit on the Colorado Party Electoral Board, which will judge the primary elections.

Dissidents managed to get the pro-government faction to summon an ordinary convention for this Saturday, as proposed by Enrique Gonzalez Quintana. According to Sanabria Cantero, it is practically confirmed that members of the pro-government faction will participate in the convention on 23 September.

Some things are still unsettled regarding the Electoral Board makeup. Argana stated that there was consensus at the meeting about the profile of the board members, adding that their names will be defined this afternoon.

President Terms Meeting 'Positive'

PY2109212795 Asuncion ABC COLOR in Spanish 21 Sep 95 p 5

[FBIS Translated Text] President Juan Carlos Wasmosy expressed pleasure over the agreement reached on 20 September by the leaders of the internal movements of

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the Colorado Party to unblock the crisis that threatened the party as a consequence of the lack of agreement to hold the ordinary caucus to elect the members of the party's Electoral Court.

[Unidentified ABC COLOR reporter] Are you satisfied with the agreement that was reached by the Colorado Party leaders?

[Wasmosy] Of course I am pleased with this meeting because all the party leaders showed they are true Colorado Party members.

[Reporter] Has the party unity that was so much desired finally been achieved?

[Wasmosy] I believe that tomorrow (today) at 1700 we will be able to celebrate. I am very satisfied with what has been achieved.

[Reporter] How did you feel when [Luis Maria] Argana stood in front of you and you shook hands? After all, he has been one of your most tenacious detractors.

[Wasmosy] I felt just like another Colorado Party member. Nothing else. At this meeting I did not act as the president, but as another fellow party member who sees the danger in the lack of union, who sees a misunderstanding among the leaders of the party, and I believed that it was my obligation to invite them here to talk. Thanks to the human greatness that they have demonstrated, we achieved this in what I consider to be a historic meeting.

[Reporter] The presence of Argana here in Mburuvicha Roga [presidential residence] acknowledges the legitimacy of your government, something that he placed in doubt and which he has systematically denied since your election?

[Wasmosy] I believe that comment, and anything else that can be added to all of this, is out of place in light of our search for points of agreement and compromise that will emerge on 21 September.

[Reporter] How would you define this meeting?

[Wasmosy] One hundred percent positive.

Atilio R. Fernandez, leader of the United Colorado Force, defined the meeting at Mburuvicha Roga as historic, and highlighted that once again it has been shown that in difficult times the Colorados can find solutions to their disagreements.

Peru

Electoral Process Cleanliness, Modernization Measures Noted

PY2109034995 Lima EXPRESO in Spanish 13 Sep 95 p A5

[FBIS Translated Text] Under the slogan of "ONPE [National Office for Electoral Processes], Clear Process of Democracy," the ONPE has ordered a number of security measures to guarantee the cleanliness of the municipal elections and to begin a modernization process aimed at the year 2000. These measures are:

— Hologram. Some sort of a sticker with a tridemensional design almost impossible to falsify, which will replace the traditional seal that is stamped on the electoral booklet to certify that the voter already cast a ballot.

This will prevent the "mafias of the seals" from helping citizens who have not voted to avoid payment of the fine of 40 soles, because the hologram will be very difficult and costly to reproduce.

— All electoral records will bear the printed number of the corresponding voting table, in addition to two coded characters comprising random variations of geometrical figures and of letters that make up the initials of ONPE, which will make counterfeiting or adulteration impossible.

— The names of the voting station members (current and alternate members) will be printed on the electoral records corresponding to each voting station.

— The ballot boxes will be made of transparent material and have a rectangular form, and will serve to transport the electoral material. They will also include a refreshment budget estimated at five soles per member of the voting station.

— A pilot or test voting station will be installed somewhere in Lima in order to rehearse the use of electoral records that might include the picture and signature of the voter. The press will be called in to observe the innovations in the voting system.

Law Establishing Ombudsman Published

95SM0486A Lima EL PERUANO (LEGAL SUPPLEMENT) in Spanish 8 Aug 95 pp 133508-133510

["Text" of Organic Law on Ombudsman]

[FBIS Translated Text]

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Organic Law on Ombudsman (Public Defender): Law no 26520

The President of the Republic

Whereas:

The Democratic Constituent Congress has issued the following law:

Organic Law on Office of the Ombudsman

I: General Principles

Article 1

It shall be the responsibility of the Office of the Ombudsman, whose director is the Ombudsman, to defend the constitutional and fundamental rights of individuals and of the community, and to oversee execution of the duties of the public administration and the provision of public services.

II: Appointment

Article 2

The Ombudsman shall be appointed by Congress with a vote of two-thirds of its members. They will select a citizen who combines the requisites of having reached the age of 35 and being an attorney with an acknowledged reputation of integrity and independence.

The Ombudsman will be elected for a term of five years, and may be reelected for one additional term of the same length. After completing the term for which he was appointed, the Ombudsman shall continue to serve until his successor takes office.

Article 3

The selection of the Ombudsman will take place within sixty calendar days prior to the expiration of the term.

For this purpose, a plenary session of Congress shall appoint a special commission composed of a minimum of five and a maximum of nine members of Congress, respecting the proportion of each parliamentary group, to the extent possible. This commission shall be responsible for receiving nominations and selecting the candidate.

The Special Commission publishes in the DIARIO OFICIAL EL PERUANO a notice requesting the submission of nominations. In addition, it publishes the list of persons nominated, so that objections to the candidates may be filed, which must be accompanied by documentary evidence.

When a candidate has been nominated, a plenary session of Congress shall be convened within a period of no less than seven days so that the candidate may be elected by a two-thirds majority vote of the members of Congress. If such a majority is not reached, the Commission will, within a maximum period of ten calendar days, submit successive nominations. After a two-thirds majority of the members of Congress has been reached, the appointment is made.

Article 4

The Ombudsman shall leave office for any of the following causes:

- 1. Resignation;
- 2. Expiration of the term of his appointment;
- 3. Death or permanent unforeseen disability;
- 4. Negligence in the performance of the obligations and duties of his position.
- 5. Conviction, through a court judgment, of a crime involving fraud;
- 6. Any unforeseen disqualification.

The President of Congress will declare the position vacant in the causes listed in numbers 1, 2, 3, and 5.

In the other cases, the vacancy will be declared through an agreement reached by a two-thirds majority vote of Congress, after a debate and prior meeting with the interested party. When the post has been declared vacant, the procedure for appointing the new Ombudsman shall begin within a period not to exceed one month.

Article 5

The Ombudsman has complete independence in carrying out his duties. He is not subject to any legal mandate, nor does he receive instructions from any authority. He is subject solely to the Constitution and to this Organic Law. His compensation is equal to that received by members of Congress.

The Ombudsman has inviolability. He bears neither civil nor criminal liability for the recommendations, objections, and in general, the opinions which he issues in the exercise of his duties.

The Ombudsman has immunity. He may not be arrested or tried without the authorization of Congress, except in cases of *flagrante delicto*.

Article 6

The position of Ombudsman is incompatible with any representative mandate, political post, political or union, association or foundation affiliation, with a judicial career or with the exercise of any profession or occupation, with the exception of university teaching.

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The Ombudsman must resign from any incompatible position he may hold within the week following his appointment and before he takes office as Ombudsman. Should he fail to do so, it shall be understood that he does not accept this appointment.

Article 7

The Ombudsman will be aided by Assistants who will represent him in the exercise of the functions and responsibilities stated in this law.

These Assistants will be selected through a public competitive process in accordance with the provisions of the regulation approved by the Ombudsman.

Assistants must have reached the age of 35.

Assistants are appointed for a period of 3 years, at the end of which they may again apply for the position.

They may be removed by the Ombudsman for the causes stipulated in Article 4, as applicable.

Article 8

From the Assistants, the Ombudsman shall appoint one who will represent him in administrative matters in cases of temporary impediment, or after his departure when it is impossible for him to remain in office until his successor assumes the position.

III: Powers

Article 9

In the exercise of his duties, the Ombudsman is authorized to:

- 1. Initiate and pursue, either acting at his own initiative or at the request of another party, investigations intended to clarify actions and resolutions of the Public Administration and its agents which, by entailing an illegitimate, defective, irregular, dilatory, improper or excessive, arbitrary or negligent exercise of their functions, may impede the full operation of the constitutional and fundamental rights of individuals and of the community.

The powers of the Ombudsman extend to the entire Public Administration.

When the actions of the Ombudsman concern services provided by individuals acting under authorization from a government agency, the Ombudsman may also urge the appropriate administrative authorities to exercise their powers of inspection and sanction.

- 2. Bring before the Constitutional Tribunal the action of unconstitutionality against regulations with legal standing referred to in section 4) of Article 200 of the Political Constitution; and in addition, to bring actions of Habeas Corpus, Amparo, Habeas Data, Popular Action, and Performance, acting as the guardian of the constitutional and fundamental rights of individuals and of the community.

In addition, he is empowered or authorized to intervene in processes of Habeas Corpus, to assist in the defense of the injured party.

- 3. To initiate or participate, either acting at his own initiative or at the request of another party, in any administrative proceeding, representing a person or group of persons, in order to defend the constitutional and fundamental rights of individuals and of the community.
- 4. To exercise the right of legislative initiative in accordance with the provisions of Article 162 of the Constitution.
- 5. To promote the signing, ratification, adherence, and effective disssemination of international human rights treaties.
- 6. To organize and administer the National Register of Persons Arrested and Sentenced to Prison.
- 7. To issue the regulations required for the performance of the functions of the Office of the Ombudsman and other supplemental regulations required for handling complaints which, in his opinion, require immediate action.
- 8. To exercise the other powers and responsibilities established in the Constitution and this law.

IV: Initiation of Investigation

Article 10

Any individual or legal body may file a complaint with the Ombudsman, acting either individually or collectively, without any restriction. Nationality, sex, minority of age, residence, legal incapacity of the complainant, internment in a center for social rehabilitation or confinement, school, hospital, clinic, or in general, any special relation of subjection or dependence, either *de facto* or *de jure*, to a third person or to the public administration, shall constitute no impediment in doing so.

Article 11

A plenary session of Congress and the Commissions of Congress may request, in a bill providing grounds, the intervention of the Ombudsman to investigate or clarify actions which took place in the public administration which affect individuals or groups of persons within the scope of their jurisdiction.

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Article 12

No administrative authority may file complaints with the Ombudsman.

Article 13

When the Ombudsman observes the existence of complaints concerning the same matter or which have related aspects or issues, he shall order their joint handling and shall so report on them, both in his response to the complaints and in the message referred to in Article 25 of the present law.

Article 14

When the investigations of the Ombudsman are related to the area of the administration of justice, he may request from the appropriate institutions and organizations information which he considers appropriate for these purposes, and in no case shall his action interfere with the exercise of jurisdictional authority.

If, as a result of his investigation, he finds that there has been abnormal or irregular conduct in the administration of justice, he shall bring this to the attention of the Executive Council on the Judiciary, or of the Public Ministry, as appropriate.

In his annual report to Congress, he shall report on his actions in the area of the administration of justice, and he shall also do so at any time as an extraordinary measure, if circumstances so warrant.

Article 15

The activity of the Ombudsman is not suspended in cases in which Congress is in parliamentary recess, has been dissolved, or has completed its term in office.

Nor may the total or partial declaration of a state of emergency (or exception), the issuance of exceptional measures, or any other event which is not expressly stipulated in the Constitution or in the present Organic Law affect the functioning of the Office of the Ombudsman; the authors of such measures shall be liable for any such interruption.

V: Duty of Cooperation

Article 16

Authorities, officials or employees of public organizations shall provide the information sought by the Ombudsman, and shall also facilitate inspections which he orders of public services, estabishments of the National Police and penal institutions, and state agencies subject to their control. For that purpose he may appear in person, even without prior notice, to obtain data or information necessary, to conduct personal interviews, or to proceed with the study of files, reports, documents, records, and any other item which, in his opinion, may be of use.

Article 17

The provisions contained in the preceding article shall be obeyed without prejudice to legal restrictions in matters of judicial secrecy or the invocation of the superior interests of the state, in cases duly justified by the appropriate organs, solely in questions related to security, national defense, or to international relations.

The decision not to release or exhibit documents for the reasons cited in the preceding paragraph must be made by the head of the respective sector with the agreement of the Ministers of Defense, Interior, or Foreign Relations, as appropriate, and certification of their approval shall then be issued, which will be given to the Ombudsman.

When an action which violates human rights is also under investigation by another state authority, official, or institution, the Ombudsman may have access to the pertinent information. In addition, he may share information from his own investigation with the appropriate authorities.

Article 18

The Ombudsman may request the hierarchically appropriate authority to order the presence of officials or employees of state administration organizations, so that they may provide appropriate cooperation.

VI: Examination of Complaints

Article 19

Complaints must be presented properly signed by the petitioner or his representative, with an indication of his name and address, in a report citing reasons which contains a description of the facts motivating the complaints and the purpose of the complaint. The report shall be presented on ordinary paper.

As an exception, the Ombudsman may handle complaints filed verbally when the circumstances of the case so warrant. In this case, a corresponding document will be prepared, which must contain the information listed in the preceding paragraph.

The complaint may also be presented by any other means, subject to the proper identification of the complainant or his representative.

Complaints shall not be subject to any other requirement of a formal or financial nature.

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In places where there is no Office of the Ombudsman, complaints may be submitted to any Public Ministry prosecutor, who is responsible for immediately transmitting them to the Office of the Ombudsman.

Article 20

The complaints shall be given a preliminary examination to determine their admissibility.

Complaints will not be accepted in the following cases:

- 1. When they are anonymous.
- 2. When bad faith, lack of grounds, nonexistence of cause, or meaningless or trivial grounds are evident.
- 3. When a judicial resolution is pending concerning the question raised, although this will not prevent an investigation of the general problems raised in the complaints presented.

The decisions of the Ombudsman on the admissibility of complaints are not subject to any legal objection. If complaints are rejected for investigation, this shall be done by a duly motivated resolution indicating, as necessary, the appropriate channels for presenting the action or claim if, in the Ombudsman's opinion, such channels exist.

Article 21

When a complaint is accepted for investigation, the Ombudsman will proceed with its investigation in an expeditious manner to clarify the facts cited in the complaint by making the inquiries and requesting the documentation which he considers appropriate. A document listing the statements and inquiries made will be prepared.

The Ombudsman is authorized to undertake immediate action to resolve a complaint. If, as a result of his intervention, the situation which is the subject of the complaint is resolved, this shall be so stated in a document putting an end to the investigation.

When the immediate action listed in the preceding paragraph is not taken, he will report the substantive content of the complaint to the appropriate state organization so that within a maximum period of thirty (30) calendar days, a written report on this matter will be issued. This period may be extended at the discretion of the Ombudsman when circumstances make such an extension advisable.

A refusal or omission on the part of the official responsible for sending the report sought by the Ombudsman shall give rise to a new written demand for compliance by sending such a report within the next five (5) calendar days, plus the time period allowed for distance, and without prejudice to the Ombudsman's seeking the start of the appropriate disciplinary proceeding. Initiation of such a disciplinary proceeding is not allowed for the Office of the President of the Republic, representatives to Congress, state ministers, members of the Constitutional Tribunal, members of the National Council of Magistrates, members of the Supreme Court, Supreme Prosecutors, the Comptroller General, members of the National Election Board, the director of the Election Process Office, or the director of the National Identification and Civil Status Registry.

Article 22

When the complaint accepted for investigation concerns personal behavior in the service of the state administration related to the function performed, the Ombudsman shall report on the complaint to the official or employee who is the subject of the complaint, with copies sent to his immediate superior and to the director of the appropriate state administration organization. In this case the official or employee who is the subject of the complaint must respond in writing accompanied by the documents which he considers appropriate within a fixed period of time, which in no case may be less than six (6) calendar days, and which may be extended at the request of any party to the proceeding when, in the opinion of the Ombudsman, the circumstances warrant such an extension.

Article 23

The immediate superior or state administration organ which prohibits its official or employee from responding to the demand of the Ombudsman must so inform the latter in a report listing causes, as well as the party to whom the demand was issued. If, however, the Ombudsman insists on this demand, the immediate superior or the appropriate public administration organ shall remove the prohibition. In any case, whoever issues the prohibition is subject to the legal liability to which this action may give rise, if it is established that this action was unjustified.

Article 24

When it is determined from the investigation conducted that improper functional behavior has taken place, the Ombudsman shall contact the immediate superior or the public administration organ to which the person who is the subject of the complaint belongs, to inform them of this result and of his recommendations in the matter. A copy of this letter will be sent directly to the person concerned or to the organization.

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VII: Resolutions

Article 25

Complaints, their investigation, and resolutions do not interrupt or suspend the terms or periods of administrative procedures which these complaints, etc. may concern, nor do they annul or modify their actions or resolutions.

However, if the Ombudsman should reach the conviction, as a consequence of the investigation, that strict compliance with legal provisions or with resolutions in an administrative proceeding will produce unjust situations or situations which are detrimental to those administered, he shall bring this fact to the attention of the appropriate legislative and/or administrative organ so that it may adopt the pertinent measures.

Article 26

The Ombudsman, on the occasion of his investigations, may express to the government authorities, officials, and employees his advice, recommendations, reminders of their legal duties, and suggestions for adopting new measures. In all cases the government authorities, officials, and employees are required to respond in writing within a period of 30 days, which may not be extended. If, as a consequence of the recommendations, a suitable measure is not adopted or the administrative entity does not inform the Ombudsman of the reasons for not adopting such a mesure, the latter may bring the records of the matter and the recommendations presented to the attention of the appropriate minister or to the supreme authority of the institution concerned, and when appropriate, to the Office of the Comptroller General of the Republic.

Article 27

The Ombudsman shall report annually to Congress on the actions of his Office in a report which he will submit during the regular legislative session. When the gravity or urgency of the facts so warrant, he may present special reports. A summary of the annual report and, when appropriate, of special reports, will be published free of charge in the DIARIO OFICIAL EL PERUANO. A copy of the reports presented will be sent to the President of the Republic, for his information.

In his annual report he will report on the number and type of complaints presented, including those which were rejected and their causes, as well as those which were investigated and the result of these investigations, with a specification of the actions taken by the public administration in compliance with the provisions of the final paragraph of the preceding article.

Article 28

When the Ombudsman, through the exercise of the functions inherent in his position, learns of presumably criminal behavior or actions, he shall send the supporting documentation to the Public Ministry so that the responsible prosecutor may take the appropriate action.

VIII: Supplemental Provisions

Article 29

During States of Emergency (or Exception) the Ombudsman, in compliance with his constitutional role, may suggest to the appropriate administrative, judicial, or military authorities those measures which, in his opinion, are openly in contradiction with the Constitution or which damage the essential core of the constitutional and fundamental rights of individuals and of the community, and which, therefore, should be revoked or amended immediately.

Article 30

The Ombudsman has the authority to supervise the actions of corporations or state agencies which exercise public prerogatives or the provision of public services by private agencies.

Article 31

The actions of the Ombudsman are not subject to judicial review, and may be reconsidered only by the Ombudsman himself.

Article 32

Offices of the Ombudsman shall gradually be established in each departmental capital, which will be under the supervision of an Assistant; in addition, other offices may be established in those places which he considers necessary.

Article 33

The Ombudsman may freely appoint the personnel necessary for the exercise of his functions, in accordance with the regulation and within the limits of the budget.

Article 34

The proposed annual budget of the Office of the Ombudsman is presented to the Executive within the time period established by law and it is defended by the Ombudsman, both before the Executive and before the Full Congress.

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Final and Transitional Provisions

One

Articles 67, 68, 69, 70, 72, 73, 74, 75, 76, 77, 78, and 79 of Legislative Decree No 52 are hereby repealed, as well as any other provision opposed to the present law.

Two

Within 10 calendar days following publication of the present law, Congress shall appoint the Special Commission referred to in Article 3. The selection process is governed by the Special Regulation for the Selection of Constitutional Tribunal Magistrates, which was approved by Resolution No 031-95-CCD of the Democratic Constituent Congress, insofar as applicable.

Three

The Special Prosecution Departments of the Defender of the People and of Human Rights shall continue working until the complaints against public administration employees or officials which have been filed up to the date when the Ombudsman takes office have been resolved, as well as those filed under the provisions contained in Article 28 of Supreme Decree No 02-94-JUS, Unified Text of the General Regulations Governing Administrative Procedures.

The Public Ministry will gradually transfer the management and administration of the National Register of Persons Arrested and Sentenced to Prison, created by Law no 26295, starting 12 months following the start of operation of the Office of the Ombudsman.

Four

The Ministry of the Economy and Finance is hereby authorized to make the budgetary transfers or allocations necessary until the Office of the Ombudsman has its own budget.

Five

This law shall take effect on the day following its publication in the DIARIO OFICIAL EL PERUANO.

To be communicated to the President of the Republic for promulgation.

In Lima, on the twenty-first day of the month of July, 1995.

JAIME YOSHIYAMA, President of the Democratic Constituent Congress

CARLOS TORRES Y TORRES LARA, First Vice President of the Democratic Constituent Congress

To the Constitutional President of the Republic.

Whereas:

I hereby order that this be published and obeyed.

Issued in the Government Office Building in Lima on the fourth day of August, 1995.

ALBERTO FUJIMORI FUJIMORI, Constitutional President of the Republic

FERNANDO VEGA SANTA GADEA, Minister of Justice.

Commission to Battle Poverty 1996-2000 Established

95SM0510A Lima ANDINA in Spanish 10 Sep 95

[Received via Internet]

[FBIS Translated Text] The government has appointed a commission to formulate, supervise, follow up, and evaluate the Ministry of Presidency Plan To Combat Poverty 1996-2000.

This measure, promulgated by means of a ministerial resolution, falls within the government policy of improving the living conditions of the poorest population in the country, especially those living in extreme poverty.

The commission in question will be headed by the vice minister of social promotion and will include the vice minister of regional development, the vice minister of infrastructure, the president of the Pronaa [National Food Assistance Program], the president of the INFES [National Education and Health Infrastructure Institute], the head of the Inabif [National Family Welfare Institute], the head of the Coopop [Committee for Popular Organizations], and the director of the Foncodes [National Compensation and Social Development Fund].

Committees will be appointed on the regional level to formulate the regional programs for the struggle against poverty.

Presiding over these committees will be heads of the Transitional Regional Administration Councils and will include a regional representative of the Pronaa, a regional representative of the INFES, a regional representative of the Coopop, a representative of each of the special programs and projects of the Inade [National Development Institute] in the region, and a regional representative of the Foncodes.

The executive branch has also approved the directive and the appendix for the formulation of the Ministry of Presidency Plan To Combat Poverty 1996-2000.

This directive sets forth general guidelines on the basis of which the diverse bodies in the Ministry

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of Presidency small sector, including the Transitional Regional Administration Councils and the National Compensation and Social Development Fund, will be organized.

Joint Social Development Projects With EU Discussed

95SM0510B Lima ANDINA in Spanish 8 Sep 95

[Received via Internet]

[FBIS Translated Text] The European Union [EU] has reconfirmed its promise to support the economic and social development of Peru unconditionally, Ambassador Sabato Della Monica, head of the European Union Commission delegation in Lima, said today.

This statement was made during the speech he delivered following the signing of the agreement on Urban Peripheries—A Program for Aid to and Rehabilitation of Street Children in Peru—and the exchange of memoranda with Chancellor Francisco Tudela for the purpose of specifying the legal status of the Peruvian-European Union Equivalence Fund.

He stated that this and the future opportunities that will certainly come about will contribute to strengthening cooperative relations.

Della Monica also spoke about the fact that in the past 11 months, agreements on financial and technical cooperation ensuring donations in the amount of $50 million have been signed.

He said that it was agreed that these funds would be allocated to the rural settlements in the Inca and Northeastern Regions of Maranon for the development of peasant women, the promotion of trade (COCAFE [expansion not given]), the development of Peruvian exports, the training of unemployed young people, and the program to benefit street children signed today.

This cooperation is proof of the strengthening of the relations between Peru and the European Union that has developed thanks to the dynamics of understanding and consensus planned in order to observe the priorities established by the Peruvian government for the economic and social development of the country, he noted.

He commented that the agreement on aid for street children involving some $9 million is of profound social significance and "will enable us to alleviate the problems of abuse, moral abandonment, and extreme poverty affecting the neglected children of Peru, at least to some extent."

This program will focus on children living under difficult circumstances. In other words, it will cover street children, children under 12 who are working, and those whose employment prevents them from engaging in basic educational activities, so that they are regarded as children at "high risk," he emphasized.

The principal goals of the program are to improve the conditions of life for the children in the neglected urban zones with regard to the rights of children and adolescents to food, health, and education. Another goal, he said, is to increase the awareness of the problem in civilian society and the public bodies.

The total cost of the project will be about $10,300,000, including a contribution of $1,300,000 from the Peruvian government. The activities included in the project will be pursued in Lima and its environs, as well as in Cusco, Arequipa, Piura, Trujillo, and Puno.

On the subject of the signing of the agreement to perfect the operations and functioning of the Peruvian-European Union Equivalence Fund, Della Monica said that to date, that fund has developed 34 projects involving an investment of approximately $8 million.

He said that since its operations began, it has benefited some 38,000 families, representing a total of about 230,000 individuals.

The fund plans to add some $5 million in cash during the 1995-1996 period to the resources already provided. The investments for this year will total $4 million and those for 1996 about $8 million.

Currently, the fund possesses resources of about $15 million obtained from the conversion of a part of the food aid provided to Peru by the European Union into money.

The funds of this body, which was created jointly by the Peruvian government and the European Commission, are intended to finance rural agricultural development projects and the distribution of local food products as compensation for work.

Also, this body carries out activities in those provinces of the country that are shown on the Foncodes [National Compensation and Social Development Fund] poverty map, especially in those places where international cooperation is seen to be limited or nonexistent.

In this way, an effort is being made to support the projects proposed by the local governments, nonprofit nongovernmental organizations, and the base-level organizations that are duly registered.

Of all of the investments made by the fund, 91 percent has been allocated to the poor and very poor provinces, while the principal activities involved have pertained to agricultural infrastructure, agricultural development, forestation, and soil conservation.

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Della Monica emphasized that both programs demonstrate the profound social commitment that coincides totally with the priority the Peruvian government is placing on this sector.

The ceremony was attended by Fernando Gonzales-Camino, the Spanish ambassador; Maria Jesus Reynafarje, the vice minister and executive secretary for international technical cooperation at the Ministry of Presidency; Fernando Gonzales Vigil, the vice minister of international trade negotiations; and Rodolfo Munante, the president of the board of directors of the Pronaa [National Food Assistance Program].

Prioritization of Education, Health in 1996 Budget

95SM0510C Lima ANDINA in Spanish 11 Sept 95

[Received via Internet]

[FBIS Translated Text] Rosario Almenara, the vice minister of economy, spoke today before the members of the Congressional Budget Commission to explain the scope and the goals of the draft budget law for the public sector for the fiscal year 1996. The sum involved is 22,262,733 soles.

Almenara gave assurance that among the macroeconomic assumptions used in drafting this norm, in accordance with Article 105 of the Constitution, real growth of six percent in the gross domestic product [GDP] was assumed for the coming year.

Also, she gave estimates of a cumulative annual inflation rate of 8.5 percent, an average annual rate of exchange of 2.4 soles, imports worth $7.7 billion, exports worth $6.4 billion, and a trade balance of $1.3 billion during next year's fiscal period.

She stressed that the main objectives of the 1996 budget fall within the framework of the economic growth policies being pursued to ensure the process of economic stability and development designed to raise the standard of living for the neediest members of the population and to facilitate their access to basic social services.

She expressed the belief that priority will be given to resources for the improvement of the execution of the basic functions of the state, such as education, health, justice, and security, as well as public investment for the development of the most depressed zones with a view to creating incentives for production and jobs.

She said that the budget projections were drafted in the hope of consolidating the country's confidence and belief in the international financial system, and creating conditions for the promotion of the economic activities of the country's small producers.

The draft budget law for the public sector is designed to provide greater safety for the citizens in terms of the remaining terrorist activity, drug trafficking, and various types of crime.

This MEF [Ministry of Economy and Finance] official explained that the Selective Consumers Tax [ISC] total expected to be collected next year will come to 1.334 billion soles (0.9 percent of the GDP, while the General Sales Tax [IGV] in the import category will yield an income of 3.353 billion soles, representing 2.2 percent of the GDP.

Almenara reiterated that the estimated payments of the foreign debt to the Club of Paris, international bodies, and Latin American nations and suppliers, among other world financial entities, will total $2.734 billion.

In the course of her explanation, the vice minister of economy responded to the various questions asked by congressmen about budget control details; the austerity norms; the income generated by the Sunat [National Tax Administration Superintendency], the Sunad [National Customs Administration Superintendency], and the Copri [Commission for the Promotion of Private Investment]; indebtedness; private incomes; capital income; compensation and pensions; etc.

Almenara provided these details in her address delivered to the members of the commission in question in the Ambassadors' Hall of the former premises of the Senate of the Republic.

Uruguay

Iturria Denies Alleged Cooperation Among Armed Forces

PY2009170495 Montevideo EL PAIS in Spanish 8 Sep 95 p 9

[FBIS Translated Text] Reporting to the Chamber of Deputies Defense Committee, Defense Minister Raul Iturria denied any alleged cooperation among the Armed Forces of our continent on issues that remain unknown to the political power. He explained that these are merely restricted to technological and professional exchanges.

Iturria visited the Chamber of Deputies Defense Committee, accompanied by Defense Under Secretary Juan Luis Storace, Navy Commander-in-Chief Raul Risso, and other high-ranking Navy officers. Iturria also informed the congressmen of Uruguay's participation in the "Atlasur" naval exercises.

The defense minister presented the congressmen the results of a meeting of more than 30 defense ministers in Williamsburg (Virginia State), United States.

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He described as important this meeting over the results achieved. These results include support for democracy in our region, a reaffirmation of the Armed Forces' subordination to the democratically established authorities, and a demand that the Armed Forces should respect human rights. Encouragement was also voiced over the participation of our military personnel in UN peace missions, honesty in defense spending, and improvements in the talks between civilians and Armed Forces personnel.

Interior Minister Denies 'Free Police Investigation Zone'

PY2009181095 Montevideo EL OBSERVADOR in Spanish 13 Sep 95 p 6

[FBIS Translated Excerpt] After meeting with President Julio Maria Sanguinetti, Interior Minister Didier Opertti yesterday said the Uruguayan Government does not plan to establish a "free police investigation zone" by which Uruguayan, Argentine, Brazilian, and Paraguayan police enter neighboring countries to arrest criminals, without any bureaucratic barriers.

Opertti noted that the information published by the Brazilian newspaper O GLOBO "disagrees with plans of the Uruguayan police, especially the Montevideo police, who have been discussing the Mercosur [Common Market of the South] issue over recent months."

The interior minister believes that respecting the jurisdiction of each state is "a golden rule" and that to change this situation "an international agreement would be necessary, a possibility that has not been raised so far."

Opertti championed the idea of Mercosur countries establishing cooperation mechanisms in the field of "security" to control entries and departures of people. [passage omitted]

National Party Leader Resigns From Executive Board

PY2009134795 Montevideo EL PAIS in Spanish 12 Sep 95 p 1

[FBIS Translated Text] Upon reporting to the National Party executive board his decision to resign from the board, Juan Andres Ramirez indicated: "I have made this decision for very strong reasons, concerning ethics in political conduct."

Ramirez, who was the Herrerist faction presidential candidate in the past national elections, yesterday went to the executive board's office and tendered his resignation. In his letter, Ramirez points out that, after leaving the Herrerist faction, he is stepping down from his executive board post.

Even though Ramirez does not specify in his letter the reasons for his resignation, it is appropriate to note that he disagreed with the Herrerist faction on the way in which the reports on alleged cases of corruption were being handled.

In his letter, Ramirez points out that his resignation does not involve quitting the Nationalist Party membership, but "I will, as I have been doing so far, remain among" the Nationalist Party's "most enthusiastic members." He guaranteed that, with his decision, he would not frustrate the hopes and confidence of the citizens who supported him in the past elections.

The executive board members regretted the decision made by Ramirez and extolled his traits.

Former Interior Minister Angel Gianola, a Herrerist faction member, noted that he had firmly supported the presidential candidacy of Ramirez, but criticized him for not having gone to the Herrerist faction executive board earlier to explain the reasons for his departure. Gianola believes Ramirez will continue to be an outstanding figure in domestic politics.

Venezuela

Defense Minister Views Colombian Ship Incident

PA2109000295 Caracas Venezolana de Television Network in Spanish 0200 GMT 20 Sep 95

[Report by Pedro Prado; from "The News" newscast; speakers identified by caption]

[FBIS Translated Text] Venezuela has no interest in magnifying the incident involving a Colombian fishing boat seized in Venezuelan territorial waters last week.

The Foreign Ministry is convinced the problem is a recurrent situation between neighboring countries and for this reason is preparing a response to the note sent by Colombia through its ambassador, consonant with that position.

[Begin recording] [Deputy Foreign Minister Milos Alcalay] The Venezuelan Foreign Ministry is carrying out investigations, answering questions, reviewing each one of the specific situations to give a response to the note received.

[Unidentified reporter] [words indistinct]

[Alcalay] Well, we are at present carrying out investigations to answer each one of the questions asked, and it will be sooner rather than later. [end recording]

Meanwhile, Defense Minister Moises Orozco denied accusations that the National Navy fired at least 30 times

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at the hull of the fishing boat, adding that a recurrence of this type of incident is not a provocation.

[Begin Orozco recording] I do not believe this could be interpreted as a provocation, given that they were performing a commercial activity. We should be very observant of this area because not only commercial activities take place in this zone. We should also remember that this area is used by many ships to transport drugs, and for this reason, we must be watchful. On occasions, when they attempt to flee, we are forced to stop them and search the ships in order to prevent drug trafficking there. [end recording]

According to the defense minister, this problem is recurrent in the gulf with Colombian fishing ships because they are not equipped with the necessary navigation devices to allow them to know in what part of the Gulf of Venezuela they could be located.

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